LODHA
BUILDING A BETTER LIFE

April 30, 2025

BSE Limited
Scrip Code: 543287
Debt Segment – 975115, 975192, 975560, 976262

National Stock Exchange of India Limited
Trading Symbol: LODHA

Dear Sirs,

Sub: Q4FY25 - 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 Q4FY25 Earnings Conference Call held on April 25, 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,

For Macrotech Developers Limited

SANJYOT NILESH RANGNEKAR
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Sanjyot Rangnekar
Company Secretary & Compliance Officer
Membership No F4154

Encl: As above

"Macrotech Developers Limited

Q4 FY '25 Earnings Conference Call"

April 25, 2025

MANAGEMENT: **MR. ABHISHEK LODHA – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – MACROTECH DEVELOPERS LIMITED**
MR. SUSHIL KUMAR MODI – WHOLE-TIME DIRECTOR – MACROTECH DEVELOPERS LIMITED
MR. SANJAY CHAUHAN – CHIEF FINANCIAL OFFICER – MACROTECH DEVELOPERS LIMITED
MR. PRASHANT BINDAL – CHIEF SALES OFFICER– MACROTECH DEVELOPERS LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Q4 FY '25 Earnings Conference Call of Macrotech Developers Limited. 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 an operator by pressing star then zero on your touch-tone phones. Please note that this conference is being recorded.

I now hand the conference over to Mr. Chintan Parikh from Investor Relations. Thank you, and over to you, Chintan.

Chintan Parikh: Good afternoon, everyone. Welcome to Macrotech Developers' Q4 FY '25 Results Conference Call. Today, we have with us Mr. Abhishek Lodha, MD and CEO; Mr. Sushil Kumar Modi, Executive Director of Finance; Mr. Sanjay Chauhan, Chief Financial Officer; Mr. Prashant Bindal, Chief Sales Officer.

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

Abhishek Lodha: Thank you, Chintan. Good afternoon, everyone. At the outset, on behalf of the Lodha Group, we express our deepest and heartfelt condolences to the families of the victims of the terrible tragedy, which has occurred earlier in the Belgaum and Kashmir. Our hearts go out to the family. And as a company and as a nation, we wholeheartedly stand behind these families and the leadership of our nation, as we speak with the tragedy and the causes and people are led to this tragedy.

The world today continues to remain difficult, and uncertain plays with geopolitics continue to have various ups and downs. The impact of the policy changes of the last few months have been perceived and felt in terms of uncertainty growing, and this resulted in impacts on the equity markets. Having said that, in India, we have a situation where India will likely be a net beneficiary of the changes in the global economic conditions.

And we are also in the medium and short term, now in a situation where inflation is completely and visibly under control and the monetary policy is becoming more supportive. The Reserve Bank has already cut interest rates by 50 basis points, and we expect further cuts in the course of the year. The Indian economy likely grew by about 6.5% in FY '25. It is, of course, lower than where it was in FY '24, but continues to be one of the fastest-growing economies in the world.

And with this ongoing support on the monetary side, not just in terms of interest rates, but also certain regulatory changes and more available liquidity, we expect that overtime we'll continue to remain decent in...

Moderator: Abhishek sir, I'm sorry to interrupt you, but your audio is not coming in clear. Ladies and gentlemen, we have lost the line of Abhishek sir. Please stay connected while I re-join them. Ladies and gentlemen, we have Abhishek sir reconnected. Abhishek sir, please proceed.

Abhishek Lodha: Yes, my apologies for that. So I was stating that in terms of the growth outlook in India, it continues to remain positive and will be further supported by the RBI's policies, including with the cut in interest rates, more plentiful liquidity and various other regulatory changes. In the context, we also have to look at the union budget of '25-'26, which was supportive of urban consumption and was supportive of middle-class households in the country by having a significant tax cut for those who earn up to INR25 lakhs.

As a consequence of the interest rate cuts, we expect there to be a significant uplift in the purchasing power for the mid-income housing segment. And this segment, whose growth has been slower over the last 3 years compared to the other parts of the housing market, we expect will be a source of growth over the next 12 to 24 months and consequently offset any weakness which might happen in other parts of the housing market.

Thus, we remain reasonably comfortable with the overall macro-outlook. And subject to any geopolitical surprises, we expect to be able to continue on the profitable growth trajectory, which we have been on for the past few years. In terms of the highlights of this past quarter, we achieved our highest-ever quarterly presales, which came in at about INR48.1 billion. And for the full year, that came in at about INR176 billion, which is a 21% growth, just ahead of our guidance of 20% growth.

The consistency and predictability of our business model is showcased by the fact that this was the fifth consecutive quarter of achieving INR40 billion or more of presales, which we believe underlines the fact that our business, by being diversified, presents a predictability which very few other companies in our sector can present.

Our focus on making sure that our growth comes with strong profitability is underlined by the fact that our embedded EBITDA margin for the quarter was at about 32% and for the full year at about 33%, which is ahead of our full year guidance of approximately 30%. And this level of EBITDA has come in where the joint developments have contributed about 40% of our presales, which is in line with our long-term strategy. And therefore, the dilutive effect of JDAs, which normally have higher IRRs but lower margins, is already built into this EBITDA situation.

In terms of per-square-foot pricing, we had price growth of approximately 4% for fiscal '25 for like-to-like projects, which is somewhat lower than our guidance of 5% to 6%. But when seen in the context of the slowdown in the economy, we chose to make sure that we protect profitability and overall sales rather than just focused purely on a price growth objective.

In terms of new business development, we added 2 more projects in the quarter, thus adding about INR4,300 crores of GDV, and our full year addition was 10 projects with about INR237 billion of GDV, ahead of our full year guidance of INR210 billion of GDV. We also made substantial investments in our annuity business in the course of the year, which I will talk through a little later in these remarks.

In spite of these substantial investments, both in business development as well as in annuity income, our net debt further reduced during the quarter on the back of our strong collections and strong operating cash flow. And our net debt at the end of the fiscal year stood at INR39.9 billion, which is 0.2x net debt to equity, well below our ceiling of 0.5x.

I'm also pleased to inform that during the course of the quarter, we received further upgrades in our credit rating, and we are now rated at AA, which is one of the highest credit ratings in the industry. And as a consequence, our cost of funds now continues to reduce and was at 8.7% at the end of the last quarter.

In terms of other metrics, our collections continued to grow robustly and were at INR44.4 billion for this quarter and INR144.9 billion for the full year, which is a 29% year-on-year growth. During the course of the year, we've had new launches of about INR137 billion. We, of course, have a very clear and visible pipeline of launches for the coming fiscal also. It's important to highlight that only 30% of our sales for the fiscal year '25 came from new launches, which once again underlines the depth and predictability of our model, which allows us not to rely on big launches for our sales.

And even when launches move around due to various reasons, the predictability of our sales continues to come through. Also, the lower reliance on sales, in our view, gives us the ability to deliver higher margins because we are not forced to price aggressively at the time of the launch because we are confident about selling through the life cycle of the project.

In terms of our steady growth, which is led by our micro market strategy of having presence every 2 to 5 kilometres in the various micro markets that we operate in and also having presence in all the micro markets of the cities that we are present in, i.e., Mumbai, Pune and now in an increasing basis, Bangalore, we continue to see the benefit of this super-market strategy across the different micro markets.

As an example, in the western suburbs of Mumbai, we achieved presales of INR25 billion in FY '25 as compared to INR10 billion in FY '24, which is a growth of over 140%. So similarly, in Pune, we have now grown sales to about INR25 billion from last year's performance of INR18 billion, which is again significant growth of about 40%.

In Bangalore, as we have informed earlier, we have concluded our pilot phase successfully. And we are now at a stage where the growth phase is starting to take off. We are expecting to have 5 or more projects operational in Bangalore in the course of the current fiscal year.

And therefore, Bangalore will also start contributing in a significant way to our growth in this year and the years to come. Having now successfully moved into growth phase in Bangalore, we expect in the course of fiscal '26 to start the pilot in one more city, which, of course, will take 2 to 3 years before it moves into growth phase.

Moving forward now and an update on our 2 large township projects of Palava and Upper Thane, where we have significant landholdings with development potential of over 600 million square feet. We have, over the last few years, seen a significant investment in infrastructure in that area. And that infrastructure is now starting to become operational.

The Mulund-Airoli-Palava freeway, which will reduce the travel time from Palava to Airoli down to 20 minutes and from Palava to Mumbai to 25 minutes, i.e., from Palava to the Eastern Express Highway in Mumbai near Mulund to 25 minutes, is expected to be operational in the current fiscal.

There has been a delay in its operationalization on account of certain technical issues of tunnel collapsing, but that has all been now resolved. And we've shared the latest pictures of the project in our investor deck. And we expect that this piece of connectivity will play a transformational role to Palava's overall perception by the end of the current fiscal year.

We also have the Navi Mumbai International Airport, which is expected to become operational this year. And gradually, it will also start reshaping Palava from being a peripheral suburb to being a core suburb on account of its proximity, both to the main employment hubs in Mumbai as well as to the airport.

Last but not the least, the bullet train project, which will enable Palava to be a one-stop, 10-minute connection from BKC, is also progressing ahead at full speed and is expected to be operational before the end of this decade. There are, of course, various other projects, including the metro train and various other road projects, including the Virar-Alibaug Multimodal corridor, etcetera, which will mean that Palava will, on an ongoing basis, continue to become more and more easier to access.

And as a consequence, we have already started to see the benefit in terms of the land prices, the land prices for the data center. Last year, we achieved a price of INR21 crores per acre from a global hyperscale data center operator, and we expect this to further move up in this year. As you may have noted from earlier calls, we have a very significant ecosystem now coming together for data centers in the Palava context with availability of power for a very large set of data centers as well as the fact that some of the top global players are already setting up their data centers there.

And we expect a significant unlock of value from this segment in this year as well as in the years to come. And overall, with 4,000-plus acres of land with us, the value unlock will only continue to unfold through data center, residential and various other levers. On the residential side, we have, over the last 12 months, made a conscious move to move away from the lower mid-income housing and more towards the mid-income housing as well as the premium housing.

And with the launch of various new neighbourhoods, including Lodha Opulis as well as Lodha Hanging Gardens and Lodha Golfview, we are seeing significant price improvement of between 10% to 40% compared to the existing mid-income neighbourhoods. And we are seeing good acceptability of homes priced even upwards of INR2.5 crores at Palava. And we expect that this segment will continue to contribute to Palava's overall upliftment as a location, but also contribute towards higher sales and improved margins in the years to come.

As a consequence, we continue to remain positive on Palava and on the back of my earlier remarks on the benefit of income tax cuts and interest rate cuts on mid-income housing, Palava and Upper Thane are expected to become significant drivers of the company's growth. And we expect these 2 locations to deliver INR8,000 crores of sales by the end of the decade with EBITDA margins approaching 50%.

Lastly, as we speak, we are continuing to grow our annuity business. This is through our significant focus on digital infrastructure, which is warehousing and industrial space, where we have now a leased area of over 2.1 million square feet with occupiers such as Skechers, DP World, DHL, Mitsui, Schlumberger and others. And these players are coming to us because they believe we are the best quality operator in this segment, and they are creating good quality jobs for the neighbourhood. So, it's a virtuous cycle of positive economic impact from the development of these warehouses and industrial parks.

We've also acquired 33 acres of land in NCR and 45 acres in Chennai to expand this business. And this is in tune with our overall broader strategy of achieving INR15 billion of annuity income by FY '31. I'm pleased to note that we ended this year at about INR2.5 billion of annuity income, and we expect that number to further grow to close to INR4 billion run rate by the end of fiscal '26.

Let me now come to our financials. As you are aware, we have adopted a progressive method of accounting for all presales done from April '23 onwards, whereas prior period presales for April '23 continue to be recognized on the project completion method. This transition is progressing well. And as we have indicated earlier, by the end of fiscal '27, we expect our P&L to reflect our operating performance very closely, perhaps with a lag of 1 quarter.

In terms of our P&L for the full year, revenue came in at INR13,768 crores, which is a growth of 33%. The adjusted EBITDA for the full year came in at INR4,970 crores, which is over 35%. And we also had the full year PAT coming in at INR2,774 crores, which is 72% higher than last year.

The guidance for FY '26, we continue to believe that we have a good supportive environment in front of us when it comes to the real estate market for the top brands. And we are of the view that with that, we can continue to deliver on our model of predictable, sustainable growth of 20% in terms of presales and make sure that we do so while taking very moderate risk and continue to deliver strong underlying profitability.

In line with this vision, we expect to deliver INR21,000 crores of presales for this year of fiscal '26. This, of course, assumes that the geopolitical environment will be stable and there are no huge negative surprises compared to where we are today. We also expect to have underlying EBITDA margins of about 33% for these presales, thus delivering EBITDA of over INR6,500 crores for the full year.

In terms of operating cash flow, we expect to generate over INR7,500 crores of operating cash flow. And in terms of net debt, we expect to be well below our ceiling of 0.5x debt equity. In terms of business development, we are guiding to INR25,000 crores of new GDV addition. With that, let me now hand over to my colleague, Prashant Bindal, our Chief Sales Officer, to speak about our sales strategy and the on-ground demand scenario. Thank you.

Prashant Bindal: Hello. Good morning. I'm Prashant Bindal here. So, as we have explained earlier, our focus over the years has been to work on our distribution, to increase our channel partner base and to bring the walk-ins to our site and how to convert those walk-ins to actual business. Over the last 3 years, our focus has been to bring right quality of customers and improving the conversion of customers coming to our site. In year '24-'25, we had 88,000 customers coming to our site, leading to almost 7,000 bookings.

And for the first time, we reached the much-desired conversion rate of 8%. Just to give you an idea, 3 years back, we had a conversion rate of about 6.5%, which we have been increasing significantly from 6.5% to 7% to 7.5% and this year to almost 8%. So, this is against 7.5% conversion in '23-'24.

Our average value per conversion also reached a very good number of INR2.3 crores, which is again a very healthy sign as compared to INR1.7 crores last year. So, our constant endeavour is to increase in conversion and the increasing value per conversion. So, this is by constant focus on Lodha as a brand and the product we offer and the services and amenities we provide.

For '25-'26, we hope to take the walk-ins from 88,000 to about 93,000, so it's about almost 6% increase in the walk-ins, and the conversion from 8% to 8.5%. So hopefully, like Abhishek talked about getting an increase of 20% in presales next year, we hope to get about 6% increase in walk-ins, about 6% increase from price increase and about 6% to 7% increase in conversion. So, all the 3 combined together, we hope to deliver about 20% growth to take the business to INR21,000 crores.

In distribution also, our consistent focus has been to build long-term relationship with our channel partners and by showing them great opportunity by our superior conversion rate of the customers coming to our site. In year '24-'25, we had a channel network of more than 3,000 channel partners who operated with us, out of which, almost 1,800 channel partners did business with us, which means which were paid brokerage by Lodha.

So, the number of channel partners operating with us who actually did business was 1,800, which I think from an overall distribution perspective is one of the largest channel partner base across any organization.

In Mumbai, we always had the strength as far as distribution is concerned. We have built a very effective distribution channel partner system of over 500 channel partners in our newer cities of Pune and Bangalore. As we get into new launches into these cities of Pune and Bangalore, we hope to take this channel partner past the 750 mark and the 1,000 mark in coming 2 years. So, these are in terms of our walk-ins and in terms of our distribution.

This is our overall aspect and for our business we have tried to keep it as balanced as possible. Our affordable segments contribute to about 20% of the business. Our aspirational business contributing to 50% of the business to 40%, another 20% coming from premium and 10% from luxury. So, we have kept that balance across the categories. So, we are very well aware in terms of where the opportunities are, and we keep the balance in terms of the category-wise.

Similarly, we have gotten 8 zones, and our zone-wise business is also the minimum is INR2,000 crores, maximum is INR2,500 crores. So, we try to keep the balance in terms of whether the geography is concerned, whether the category is concerned. And also, in terms of having the contribution coming from a day to move-in and under construction and new launches, we try to keep that balance so that the business is consistent, predictable and the risk is minimized.

So, in terms of quarter also, we maintained the percentage to more than 8%. And hopefully, we'll continue to have a contribution. Next year, we are looking at 8.6% conversion, and we hope to maintain this conversion quarter-after-quarter to have a consistent business.

Chintan Parikh: We can open the floor for Q&A.

Moderator: The first question comes from the line of Ajay Nandanwar from Blue Argon Capital.

Ajay Nandanwar: I have a couple of questions. One is your EBITDA margins, how are the margins in Mumbai South and Central versus rest of your business? Can you give a qualitative comparison of the 2?

Sushil Modi: Sorry, we couldn't hear you, can repeat the question, please?

Ajay Nandanwar: Absolutely. So, I just wanted to get a qualitative comparison of your EBITDA margins in South and Central Mumbai versus the rest of the portfolio.

Sushil Modi: So, see, our margins generally that we work across segments, be it the mid-income, premium or luxury and, to that extent, kind of across Mumbai, generally tend to be hovering around 30% handle. Obviously, from project to individual project to project, it can always vary some bit here and there. But generally, we work for 30% handle across.

Ajay Nandanwar: Yes, sir. Got it. One more question, sir. You obviously had very strong presales growth as well this year, and congratulations on that. If you could help understand what's the mix of presales, if you could break it down to launch, under construction, completed projects, what's the mix of the presales? And perhaps if you look at it differently, then that will be fine too, but just if you could give a breakup of that?

Sushil Modi: Sure. So, I think Abhishek in his remarks did cover that. Our business is more and more granular in terms of delivering on a predictable basis. And thereby, we less and less rely on launches. New launches contributed to our sales to the extent of 25% to 30%, the rest was more sustained sales across the portfolio. In terms of ready and under construction, I think the ready RTMI inventory sales contributed around 20%.

Ajay Nandanwar: Got it. Fantastic. Sir, another question on your -- this is the last question, I promise. On your presales growth versus your net cash collection growth, and the presales growth over the last 3 years has been almost 100% from INR90 billion to INR176 billion, but your net cash collection has gone up from INR77 billion to INR130 billion. So, when would you see net cash collection catch up with your presale's growth?

Sanjay Chauhan: So generally, our collection typically lags by a year in terms of presales that we achieve. So, you will typically see this correlation working, where the current year collection was around INR144 billion. And as you know that our last year sales was around INR145 billion. So effectively, with a lag of 1 year, generally it will fall in place.

And that is the strength of our business, that our presales converts into hard cash and which is what enables us to deliver a strong operating cash flow and which is what then enables us to keep our capital structure pretty conservative and which is where, as you noted, that our net debt to equity stands at 0.2.

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

Kunal: Abhishek, first up, I wanted to follow up on the comment you had around pricing. Could you elaborate on what is it that you saw in the market on account of which it came in at 4%? And also, I think the assumption has it going back to 6%. So, it seems like whatever those forces were seem to have normalized for now.

Abhishek Lodha: I think the reality of last year was that there was slower economic growth in the country than what we expected at the start of the year. And therefore, we decided to be conservative when it comes to our price growth strategy because ultimately, we aren't focused specifically on a price growth outcome. We are specifically focused on a profitability outcome and, obviously, the overall level of presales.

So just taking into account the slowdown in the economy that one saw on the back of the capex slowdown plus the certain banking and regulatory slowdown, we just decided to take a more conservative approach to price growth. We do feel that in the Indian economy, the capex cycle has restarted back up. The government spending has started.

And as I mentioned in my call, we are also getting more supportive policy from the Central Bank. And as a consequence, our medium-term strategy of price growth at about 2% below wage growth, we believe this is quite reasonable, and we should be able to deliver around that number for the full year.

Kunal: Got that. And then the second question is on the launch value that you have planned for FY '26, which is a very healthy number. Just that on an absolute basis, this is still lower than the bookings you are expecting for the year. So, is that part of a conscious decision because the absolute inventory you have in the system is still quite large, so that sort of helps you optimize the return matrices?

Or would you say that over a period of time, the launch pipeline has to match up to your bookings plan for the coming year?

Abhishek Lodha: No, I don't think there is any correlation between the launch pipeline and the bookings plan. On the contrary, we look at the total supply in the system, which is what is unsold, which is ready and unsold or under construction and unsold as well as, of course, what you know, launch and is unsold. As Sushil mentioned in response to the previous query, for us, last year, the mix was about 30% from the launches, about 50% from under construction and about 20% from what was ready.

And I think that's really the, I would say, the differentiator of our organization that we can consistently sell week after week across all our projects and, therefore, deliver much more robust margin and also de-risking because if there is any external shock, it gives us more ability to adjust pricing as we saw in the aftermath of the Ukraine crisis when inflation went higher.

So, we don't really see any need to have launches equivalent to sales. On the contrary, the total supply in the system should be about 3x of the sales that we are targeting, and that's how we look at it, 2.5 to 3x of the sales that we are targeting.

Moderator: The next question comes from the line of Puneet from HSBC.

Puneet: Abhishek, can you also talk a bit about the breakup of your sales from Palava, how much of it is now coming from premium segment and how much is it still mid-income segment? And what are the pricing points at which you categorize those?

Abhishek Lodha: Sure. So, for this year, for the full year, about 20% of our sales came in from the upper mid-income and higher segments. So, the price points for these are units which are trading at over INR1.5 crores; and then, of course, the segment below INR1.5 crores. So that's kind of the cut-off that we are following when it comes to determining what is upper mid-income and above and what's below that, low and mid-income.

Puneet: And is there a deliberate effort to increase that proportion from next year, both for Palava and Thane?

Abhishek Lodha: For Palava and Upper Thane, yes, we believe it will first be led by Palava because the infrastructure in Palava is quite getting robust quite quickly, and Upper Thane will follow. But as we stated in an earlier discussion on our townships, we expect that by the end of the decade, about 50% of presales will be coming from this upper mid-income and premium segments.

It doesn't mean that there is any reduction in the lower mid-income or entry mid-income segment. It just means that this additional category will contribute to sales, which allows these 2 locations to significantly grow in sales to about INR8,000 crores by the end of the decade.

Puneet: And to move into that segment, would you need to invest significantly on infrastructure or ecosystem development from your side? Or are you largely relying on connectivity benefits to flow through?

Abhishek Lodha: I think we've already done those investments. We have built a township to be one which can, over time, progress to becoming a more premium location compared to a sort of lower mid-income location. We did always have the strategic view of Palava and how it would evolve through the various phases that Gurgaon has evolved through. And therefore, our investment in infrastructure, creating the social infrastructure, the hard infrastructure, the quality of management and service has been in line with that.

So, while, of course, there is a continuous improvement journey, we do not expect to make any significant incremental investments beyond what is the norm in this upgrade cycle. It's really got to now the only missing link in the upgrade cycle is connectivity. And with the airport operating this year and the Mulund-Airoli-Palava freeway also becoming operational this fiscal '26, we expect that the cycle will strengthen when it comes to higher-income buyers wanting to reside at Palava given all its other benefits.

Moderator: The next question comes from the line of Pritesh Sheth from Axis Capital.

Pritesh Sheth: So first, just on this 20% growth guidance, can you, I mean, just provide your thoughts on how individual micro markets will behave in next year? Like how this 20% growth is coming, is it like largely Pune, Bangalore dependent? Or we are also expecting MMR market also to grow? So, some breakup of this 20% growth?

Abhishek Lodha: While we don't have sort of that kind of a breakup because as Prashant was mentioning, we have projects which perform ahead of expectations. We have projects which perform below expectations. But at a more broader level, we are able to deliver on our growth because our model is so diversified and granular and so based on ongoing sales.

Having said that, to your specific question, of the approximately INR3,500-odd crores of incremental sales that we would expect this year from the current base of INR17,500 crores to INR21,000 crores, we expect that Mumbai would contribute approximately INR1,000 crores to INR1,500 crores out of that. And the other 2 markets would contribute in equal measure, half and half.

Pritesh Sheth: Got it. That's helpful. So, I mean, Pune, we don't have enough in terms of inventory. And I think launch-wise also, we are lesser in terms of what we did this year versus what we'll do next year. So, is it that some of the projects are in pipeline and hoping to get added during the course of first half and eventually we'll be able to launch in second half? That's how we think about Pune's growth next year?

Abhishek Lodha: Our sales projections are done with a fair amount of detailed underwriting, and we typically avoid looking at new project additions in the year. They sometimes do happen. I'm not saying they don't happen, and they will sometimes make up for something which doesn't work out elsewhere.

But as it stands right now, we have about INR4,500-odd crores of unsold inventory in the ongoing projects in Pune and then future phases of those projects as well as new lines. We expect to add another INR7,000-odd crores of new launches, not the full INR7,000 crores being launched this year, but that's the supply available. Part of it will be launched this year.

So, we feel quite good about the fact that Pune can scale up from about INR2,500 crores currently to somewhere around INR3,500 crores or so the following year.

Pritesh Sheth: Sure. Got it. That's clear. Second question is on Palava. So, I think if I exclude the data center land sales that we did, we are looking at INR1,800-odd crores of pure residential sales. Obviously, I don't want to like segregate it, but just from the residential perspective, do you think now we are at the inflection point and with all those premium launches or upper-middle income kind of launches that we wanted to do has been done with.

Now from next year onwards, we should see a good growth trajectory? And how do you see this residential segment of Palava contributing over next 2 to 3 years?

Abhishek Lodha: Yes, it's a very pertinent question. And we do expect that for the current year, we expect that Palava residential sales will grow quite well. And while we don't break it up into the 2 different buckets, but of Palava residential versus others, we do think that, that will grow quite well, 20% or more.

And for fiscal '27, we expect even more solid growth because by that time, we'll get the first full year benefit of the Mulund-Airoli-Palava freeway.

So that will be fully felt in fiscal '27, only partly felt in fiscal '26. But yes, in spite of that time, we expect Palava Extended Eastern Suburbs presales to perform quite solidly for this coming fiscal.

Moderator: We take the next question from the line of Akash Gupta from Nomura Research.

Akash Gupta: My question is that how are you seeing the change in the real estate demand, especially for Grade A developers and taking that the stock market has also corrected a lot? So, are you seeing any negative signs of demand or any red flags, particularly related to Grade A developers?

Abhishek Lodha: I think the question should first be sort of seen in the context of the performance and data that we are seeing from what you would refer to as Grade A developers. I think you would note that most of the Grade A developers have had very strong and high-quality presales. And we think that that's really a reflection and, I would say, signpost answering your question.

We think there is a trifecta of consolidation at play. It's consolidation on the consumer side, it's consolidation on the lender side and it's consolidation on the landowner side. All 3 are very clear that they only want to work with a handful of developers as purchasers or as partners or sellers or lenders or whatever it may be. And that, I think, is very clear that consolidation has a long, long way to go, and it will continue to play out for a long, long period of time. Today, we are nowhere close to the end of the consolidation cycle.

And therefore, the other part is that even assuming for a moment that there is some demand slowdown in certain segments, I think it will be segmental demand slowdown, if at all, not across the board. Because last 3 years, for example, even though there was broad growth, mid-income was not doing well. So, I think that kind of cyclicality will inevitably happen. And that's the reason why, as a company, we like operating across all the segments rather than being concentrated on any one segment.

But even within that slowdown, you will see that the Tier 1 developers will be least affected or not affected because the slowdown inevitably affects the weaker hands. And on a balance, actually, it benefits the bigger developers because you see more beneficial terms in the land market also. So overall, we feel that the consolidation story is a long-term one. And therefore, the Tier 1 developers have, I would say, a lot of opportunity to continue to deliver sustained growth.

Akash Gupta: Got it. And sir, just one more question. So, we have been continuously showing this 20% kind of growth. Do you think that this high base effect will come in anytime soon? Or like on a longer-term basis, we can continue to expect this 20% kind of growth of presales?

Abhishek Lodha: I think that it's really a question of the business model and how do you build it up. Is this really a spurt? Or is it a setup of increasing the strength of the organization, increasing the depth of the distribution, increasing the width of the number of locations and number of projects? And therefore, where are the sales coming from?

I think it's important to note that no one location of the company contributes more than 10% of our sales. It's important to note that we have almost 40 different operating projects, each contributing to sales. So really, the model that we put together on the real estate side is quite unique in terms of its granularity and diversification, both across locations as well as across segments. We do mid-income as much as we do luxury, of course, and we do premium too.

So that's the reason why we believe that this growth is an additive growth more similar to a consumer goods business that as you increase distribution, as you strengthen brand, as you increase your number of products, your growth can be sustained rather than one which has been dependent on high price growth, you would have noted on the contrary that we've taken very modest price growth, and nor is it dependent on a superstar project.

So, we believe strongly in the predictability of our growth and, therefore, have given the guidance we have. Of course, geopolitics, if something goes terribly wrong, the guidance may go off by a bit. But other than that factor, we feel quite good about it.

Moderator: Ladies and gentlemen, that was the end of the question-and-answer session. I now hand the conference over to Mr. Aayush Raghuvanshi for closing comments.

Management: Thank you, everyone, for joining the call. 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 our Investor Relations team. Once again, thank you all for joining the call today. Thank you.

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