LODHA

July 30, 2026

BSE Limited
Scrip Code: 543287
Debt Segment – 976262, 976764, 976895, 976923, 977163, 977293

National Stock Exchange of India Limited
Debt Segment
Trading Symbol: LODHA

Dear Sirs,

Sub: Q1FY27 - Earnings Conference 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 Q1FY27 Earnings Conference Call held on July 27, 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 NILESH RANGNEKAR

Digitally signed by SANJYOT NILESH RANGNEKAR
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Sanjyot Rangnekar
Company Secretary & Compliance Officer
Membership No. F4154

Encl.: As above

"Lodha Developers Limited
Q1 FY 2027 Post Results Conference Call"
July 27, 2026

Management:	***Mr. Abhishek Lodha: Managing Director***
	Mr. Prashant Bindal: Chief Executive Officer, Lodha Residences
	Mr. Sushil Kumar Modi: Whole-time Director, Group Finance Director
	Mr. Sanjay Chauhan: Chief Financial Officer
	Mr. Anand Kumar: Head of Investor Relations
	Mr. Chintan Parikh: Co-Head of Investor Relations

Moderator: Ladies and gentlemen, good day, and welcome to the Lodha Developers Limited Q1 FY27 Earnings Conference Call. As a reminder, all participant lines will be 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 call, please signal an operator by pressing star then zero on a touch-tone phone.

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

Chintan Parikh: Thank you, Rayo. Welcome to Lodha Developers Q1 FY27 Conference Call. Today, we have with us Mr. Abhishek Lodha, Managing Director; Mr. Prashant Bindal, CEO - Lodha Residences; Mr. Sushil Kumar Modi, Group Finance Director; Mr. Sanjay Chauhan, Chief Financial 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, and thank you for joining us. I hope you're doing well. As we had laid out at the previous call, from this quarter onwards, the primary lens through which we would like you to assess Lodha is accounting profit after tax, the numbers that are audited that flow into book value and against which return on equity is actually computed.

Alongside this, I would also ask you to watch operating cash flow because profit and cash together are the true reflection of any business. Please note that accounted profit will not be a trend line quarter-on-quarter. Under percentage of completion accounting, quarterly revenue is a function of three things that do not move in lockstep, receipt of minimum sale proceeds from our buyers, how much construction cost was incurred in each plant in that quarter and whether the land or annuity transactions have happened and closed within the quarter.

None of these arrive evenly across 12 months. So, there will be quarters that undershoot and quarters that overshoot. Our commitment of 20% PAT growth is an annual guidance, not a quarterly one. Please do not annualize any single quarter, and that includes this one, which sits firmly at the favourable end of that variance.

In terms of the highlights of the performance for this quarter, revenue for the quarter was at INR 50 billion, up 43% year-on-year. The adjusted EBITDA was INR 21.5 billion, up 79% at a margin of 43% against 34.4% a year ago. PAT was at INR 13.7 billion, more than double the INR 6.8 billion of Q1 FY26 at a PAT margin of 26.9% against 18.6% in the equivalent quarter a year ago, our best ever quarter on revenue, on EBITDA and on PAT.

I would like to highlight that land monetization is not an exceptional item for this company. It is a planned recurring pillar of our business.

We now hold about 660 acres in our data center park. Of this, the first phase of 370 acres, we have already monetized about 130 acres, and we intend to further monetize about 150 acres over the next 3 to 4 years, which itself will generate close to INR 10,000 crores of sales.

Beyond this, we have additional approximately 300 acres of optionality in our data center park. Further through our LandCo, for shaping and coming together, we intend to monetize land for non-competing uses, for example, back office in places where we have surplus land like Palava. Thus, overall, we expect land to be between INR 2,000 crores to INR 3,000 crores of sales every year for the next several years.

Secondly, the residential engine is in very good shape. As we had laid out in the previous quarter, we expected the Middle East conflict to persist through this quarter through the Q1 and end by the end of Q1. And therefore, we had deliberately postponed launches out of this quarter, and these launches generally make up about one third of pre-sales. From Q2, our launches will and already have commenced, and we are on track to deliver for our pre-sales growth on the residential side.

In terms of our guidance for fiscal '27, that is 20% growth on last year's PAT of INR 34.3 billion and hence, approximately INR 41 billion of PAT. Q1 has delivered 33% of that. We are ahead of the curve. We are not raising guidance on the strength of one quarter. We will endeavour to outperform.

Cash, the number I would like to also talk about. Collections for the quarter were INR 42.1 billion, up 46% Y-o-Y. That converted to INR 18.9 billion of operating cash flow. After investments, we still reduced net debt by INR 4.5 billion to now under INR 50 billion. Net debt to equity now stands at approximately 0.2x against our self-imposed ceiling of 0.5x. Net worth is just under INR 250 billion. Average cost of debt is stable at 7.8%, amongst the lowest in the industry, supported by our AA rating and upgrade since 2021.

Funding all of our growth from operations while simultaneously deleveraging is, in my view, the genuine signal in this quarter, more so than any other number. Pre-sales for the quarter were INR 46.3 billion, up 4% year-on-year. That is below our trend line, and I want to explain it properly rather than quickly. This was a decision, not an outcome.

We launched almost nothing on the residential side in the first quarter, except for one new phase in Mumbai of approximately 0.4 million square feet. In a normal quarter, new launches account for roughly about one third of pre-sales, and we effectively removed that one third from this quarter.

In terms of where the Middle East situation stands now, the conflict has not resolved by the end of Q1 as we had assumed. Let me give you an updated assessment rather than just assume that everything is normalized. The demand impact is quite moderate. Middle East NRI buyers represent about 4% to 5% of our sales, roughly a third of our total NRI business, and sentiment there remains subdued.

There is an offsetting dynamic we think that is not yet fully played out. Uncertainty abroad is and will cause NRIs to want to secure a home base in India. We expect to also see the same pattern from U.S. based buyers for immigration-related reasons.

Last year, about INR 350 billion flowed from India into Dubai real estate. A material part of that will now stay in India. On the cost side, our supply chain is about 95% domestic, so availability has not been a problem. Energy-intensive input costs have risen. If this situation persists for a full year, we would expect project construction cost to rise by between 1% to 1.5%, with spread across a 3 to 4 year build period and assuming no price response; project level EBITDA impact of between 35 to 75 basis points.

For context, our overall construction cost inflation since April 2022 has run at approximately 3% per annum. Where this leaves us is that a prolonged conflict increases uncertainty, and I will not pretend otherwise. But on the evidence in front of us today, the impact does not look materially negative to our fiscal '27 delivery. If Russia-Ukraine is any guide, this kind of volatility works itself out over the medium term, and we will, of course, keep you updated if that assessment changes.

In terms of the rest of the year, we reaffirm our INR 240 billion pre-sales guidance for fiscal '27, and we expect H1 to be 40% to 42% of the full year, as we had mentioned in the start of the year itself. The balance of the year of the sales will happen in H2. For the full year, the launch calendar carries about 20-plus projects and phases totalling approximately INR 250 billion of GDV, including our first launch in NCR as well as continued growth in Bangalore and Pune.

The Mulund-Airoli-Palava Freeway opening, which brings Airoli within a 20-minute drive and Mulund within 25 minutes as well as the Upper Thane connector to Viviana Mall should both be opening after the monsoon and hence, will be supportive of growth in sales in our large land holdings in those locations. In terms of the immediate outlook for Q2, we are off to a good start in July, and we expect pre-sales to be INR 50 billion or more on the back of the planned calendar for this quarter.

Now coming to data centers and our RentCo. The most significant development of the quarter was the entry of Digital Edge India, a joint venture between Digital Edge Singapore and National Infrastructure and Investment Fund into our Green Data Center Park at Palava, joining AWS and STT. The transaction was concluded at approximately INR 420 million per acre. The previous transactions in calendar '25 was at INR210 million per acre.

So, this is an almost a doubling of value in just less than 12 months. Overall, the value of our land at Palava has risen more than 15x over the last 5 years. Three independent global operators AWS, STT, and now Digital Edge India have reconfirmed that this location is amongst, if not the very best, for setting up greenfield data centers in India and perhaps in Asia. And that shows the long-term strength of what lies ahead of us on the data center side.

As I had mentioned earlier, we hold approximately 660 acres of land in our green data center park with approximately 3 gigs of power availability at about US$0.06 to US$0.08 per unit, 5 fiber optic routes, 5 transmission lines and approval under the Maharashtra Green Integrated Data center policy.

Of this, about 130 acres has now been sold, and we expect to monetize a further 150 acres over the next 3 to 4 years at an average of about INR 600 million per acre, generating approximately INR 90 billion of further sales just from Phase 1 of our land. This will fund the build-out of about 1 gigawatt of powered shell on approximately 90 acres, which will generate over INR 20 billion of annual rental income by fiscal '32.

The balance land of approximately 300 acres gives us further optionality for both sale as well as build out on our balance sheet, and we will evaluate the same in due course. I want to underline the capital structure of how we are building out this data center business. The data center build is largely self-funded from land sales inside the same park. It does not add to group leverage, and it does not compete with our DevCo for capital in any significant manner.

On the broader annuity business, our exit run rate for June was approximately INR3 billion without any contribution from data centers. The target is over INR30 billion, i.e., 10x by fiscal '32, of which about INR20 billion plus will come from data centers, INR6 billion from retail and offices and about INR4 billion from warehousing and industrial.

These numbers are estimates basis the land that has already been acquired and where development activity is already progressing. It does not take into account any further incremental addition of land, which we expect will provide further upside to the overall rental scale of our business.

The assets that are under development are largely performing ahead of underwriting. We invest in the RentCo at mid-turn returns on equity, assuming appropriate leverage against the rental receipts. At a DevCo level, as I had mentioned earlier, of course, we intend to be effectively debt-free over the next 2 to 3 years.

Let me close the substantive part by restating what we are committing to. Our guidance of about 20% PAT growth over the medium term, taking us beyond INR 85 billion over the next 5 years, i.e., by fiscal '31. Our return on equity, which is currently about 16% in fiscal '26, moving upwards and inching closer towards 20%, though it might not touch 20%.

The DevCo being net debt free within the next 2, 3 years as business development requirements taper against an unsold GDV of approximately INR 2 trillion enough to support growth for the foreseeable future. And net debt to equity always remains below our ceiling of 0.5x. We are at 0.2x today.

Our capital allocation hierarchy is clear and publicly stated, fund opportunities where there is brand fit and execution capacity, about 20% ROCE in DevCo and about 15% in RentCo, a regular dividend at 15% to 20% of PAT, thereafter debt reduction and thereafter, any surplus towards buyback or special dividends.

Our market cap on the development business across the top six cities is just 3.5% in value terms. The runway is not our constraint. Our own discipline is, and this quarter is an illustration of just that, not an exception. One final point, we measure ourselves on two things, both equally valuable, profit after tax and our reputation with customers and employees.

This quarter, we launched the Lodha Theoretical Physics Institute, India's first privately funded institution of its kind, headed by Professor Jainendra Jain, the first physicist of Indian origin to receive the Wolf Prize. And this quarter, we completed the fourth edition of the Lodha Genius program with over 400 students in association with IISER Pune and Ashoka University in NCR.

With that, I end my remarks and hand over back to Chintan. Thank you.

Chintan Parikh: Thank you, Abhishek. I hand it over to Prashant for his remarks. Over to you, Prashant.

Prashant Bindal: Hi, everyone. Good afternoon. As Abhishek indicated, we achieved a pre-sales of INR 4,600 crores for the first quarter. More heartening is that our profit for the quarter was best ever at INR 1,373 crores, more than doubling on a Y-on-Y basis.

Let me first share my view on the industry. While this is the fifth year of the cycle, which started in 2021 post COVID, demand on the ground remains solid, especially so for the bigger and the stronger brands. As you would have observed in every other consumer segment, even in housing, consumers clearly are gravitating towards owning a better product and a better brand.

Housing is no longer seen as just the bare necessity of shelter, but a lifestyle-enhancing investment decision. This has led to a significant expansion in the premium and luxury segment in the industry. This quarter was no different with the lion's share of our sales of almost 60% coming from premium and luxury segments.

We remain the trend setter in the luxury segment across multiple locations and not only in South Mumbai, thus continuing to gain market share on a continual basis. The impact of this trend has further accentuated the importance of brand and confidence of the consumer on the organization's ability to deliver on its purpose.

A brand with strong execution focus and ability to straddle across multiple segments will do well in the long run. I also believe that at some point, when the overall macro situation and inflation as well as interest rates are conducive, the middle-income segment will also start to do well.

About the competition in the market, the competition in our market remains rational as it is largely led by consumer affinity towards the stronger and the trusted brands. There is a great desire of the consumers to buy a Lodha property, and we have seen that across the new geographies that we have come in, whether it's been Pune, Bangalore or in MMR, where we have entered new geographies, the desire of the consumers to buy a Lodha property is very high.

The consolidation in the industry is, I think, the single biggest trend. By some estimates, the contribution of the branded player in MMR market is still sub 30%. It was less than 20% 5 years back, and it has moved to almost 30% by end of '25. But our view is that this number could easily go to 40% to 45% by end of the decade as the weakest players with no brands keep exiting the space.

This will keep the industry structure good for the branded developers like us and very good for the consumers because the consumer's basic expectation is a great quality product, product on time and great services. And for that, you need resources, you need experience, you need expertise and you need that operational strength. And I think Lodha as a developer will provide everything on that regard.

As far as the Lodha development business performance is concerned, as Abhishek pointed out, the biggest strength of our business is balance. The balance is how much business are you going to get from your existing products and how much business from the new launches. We have always kept that balance in the range that 70% of the business, 65% to 70% coming from the existing projects and 30% to 35% coming from the new launches. And also, we try to keep balance between the geographies as well as the categories of the business.

What this ensures for our business is consistency and in absolute consistent that, that is what we have given over the last 5 years. So typically, 30% to 35%, as I said, of the pre-sales is driven by new launches. But in this quarter, we have had no such launches. And despite that, we delivered a business in line with the business plan and has been driven mainly from sustenance sales coming all from the existing business.

Most of the new launches will be happening in the second half of the year, coinciding with the festive season. We have one launch that has happened in the month of July in Bangalore and the kind of the first good results that we are getting there are extremely encouraging. And that reinforces our confidence in the structure that we have built on sustenance business as well as the new launches.

We have one more launch coming up in Bangalore, 2 in Pune, and we'll also be entering the NCR and 2 launch in MMR. And we are very confident that with the confidence that the sustenance as well as the new launches will take us to the yearly goals.

One of the biggest strengths of ours, which is less understood is our ability to innovate and being the first to bring in new products in the market. For example, we clearly identified a gap in the commercial market in the grade A development for the for-sale product. We brought in our commercial for sale product in Worli, which last year, which was hugely successful and continues to drive strong sales.

We are similarly also innovating new product categories within our existing projects. We are going to see multiple new project launches at Palava as well as other locations within MMR and other cities. Even in Bangalore, where we did the new launch, we went ahead of the market curve and introduced the product at a price point, which was almost 30% higher than the existing price points available. But the consumers have clearly given us a huge confidence by really accepting the product.

So just to sum up, in the first half, as Abhishek said that we will achieve 40% to 42% of our guidance of the pre-sales and the remaining in the second half. So, if we see our basic strength is focus on profitability. Our portfolio across mid-income, premium and luxury segments are now well balanced with mid-income, which is anything below INR 3 crores, is now about 50% and remaining coming from premium and luxury segments. This diversity and across the cities and categories help us taper over any volatility presented by other factors such as conflicts in Middle East or impact of high inflation and interest rates on entry-level homebuyers.

While pre-sales remain one of the key KPI for us, the biggest KPI is the profitability and delivery of the PAT. With the brand strength even strengthening even more, pricing power continues to enhance even in the newer markets. In the near term, we expect to enhance our pricing by 5% to 7% across different micro markets over the year.

This sort of pricing growth, which is still below the white-collar salary growth of 9% to 10%, keeps the affordability intact and helps in boosting the volumes. On the strength of our brand, we have the lever to further take the price growth up by at least 100 to 200 bps, which will straightaway give us confidence in the margins.

Our new markets are now performing very well with Bangalore now entering the growth phase. We are also starting the operating in the NCR. With this, we would have four cities, which will be contributing to our pre-sales into '26, '27. While MMR will remain a dominant home base, new cities together will start contributing over 30% to 45% of our pre-sales in the medium term, which makes our portfolio even more balanced.

The other positive thing that we have seen is that the conversion number, which we are seeing, especially from quarter 2 from July onwards is in upwards of 8% and above. And that is a very positive sign for us. And we believe that in long run, we hope to reach the holy grail of 10%. And once we reach the 10% mark, the kind of advantage it gives in velocity and more importantly, in margins will be very significant.

To sum up, we remain fairly confident for delivering our guidance for the year. We have built a very granular plan, which enables us to achieve the guidance and with the right margin delivery.

With this, I hand over back to Chintan. Thank you, Chintan.

Chintan Parikh: Thank you, Prashant. Rayo, we can open the floor for Q&A.

Moderator: We have the first question from Pritesh Sheth from Axis Capital.

Pritesh Sheth: A couple of questions on the data center side. Firstly, just wanted to understand the value of the land sale that we did this quarter. And I'm assuming everything would have been recognized in revenue as well. And what kind of margins we are reporting for those land sales? That's my first question.

Abhishek Lodha: Pritesh, in terms of the value of land sales for this quarter, the total, including the data center and some other sources of land sales was approximately INR 1,200 crores of pre-sales. Out of that, the revenue recognition is not 100% because there are certain activities that we need to complete for the buyers at the site.

So, to that extent, the revenue recognition has been at about 85% to 90% of that number. And in terms of the contribution to PAT from the land sale, that is approximately about INR 600 crores.

Pritesh Sheth: Got it. Contribution to PAT, INR 600 crores. Okay. And just a follow-up. So, 660 acres, everything falls under that MOU, which we have with Maharashtra government or for now, it's just 400 acres and then we can expand to 660 acres?

Abhishek Lodha: The 660 acres is now part of the green data center, which is approved by the government of Maharashtra.

Pritesh Sheth: Okay. Awesome. And just on the rentals part, right? I think earlier, we had an estimate of INR 30 billion rentals coming from the power shell that we are targeting. In the presentation, now I see INR 20 billion plus kind of a number. Is it just a conservative estimate? Or this is something which is now revised downwards based on the transactions that we are seeing on the market? Or how should we think about it?

Abhishek Lodha: Pritesh, there may be some gap in understanding. There's been no change in our numbers. So, we had suggested that our rentals would be growing by 10x from the INR 3 billion level at the end of fiscal '26 to INR 30 billion at the end of fiscal '32. Of that, the contribution was from all the 3 verticals, i.e., data centers, retail and office and warehousing and industrial. And that same breakup continues. The current numbers are definitely, in our opinion, have some upside potential to it, but these are our current projections.

Pritesh Sheth: Sure. Got it. So, for data center powered shell, it would be INR 20 million per megawatt kind of annual rentals that one should expect, right?

Abhishek Lodha: Yes, a little over INR 20 million, yes.

Moderator: The next question is from Abhinav Sinha from Jefferies.

Abhinav Sinha: Good to see the strong P&L numbers that we have this time. Just a couple of questions on data center bit. So firstly, on the incremental size that we have allocated for the business, where are we on power availability? And what are you expecting on the demand side, which has prompted this big jump?

Abhishek Lodha: The demand environment for data centers continues to strengthen. we have to note that this is not demand which is national or regional. This is global demand. And as data center operators look to locate their sites, they will look at Virginia, they will look at Scandinavia, they will look at Johor and they will look at India.

So therefore, from an Indian perspective, it's important to note that this is not about competition within India, but it is about how India can position itself and gain share at a global level. Given India's very critical competitive advantages, primarily in terms of time because from breaking ground to getting a data center operational in India can be done in under 3 years compared to 4.5, 5 years in the West as well as in terms of cost where the cost of building power shell as well as turnkey shell in India is almost half of that in the West.

Plus, the fact that the government in India is very proactive, both at the state levels and equally and more importantly, at the central level as we saw with the tax exemption granted for data center operators where the usage is outside India. So, with all these factors in place, India is emerging as a strong location.

The reason for the expansion of our park, we believe that the park has created immense credibility given that 3 top operators, AWS Amazon, STT, which is Temasek and KKR subsidiary; and now Digital Edge India, which is a joint venture between Digital Edge Singapore and NIIF, which is 49% owned by the Government of India, funded by the Government of India.

These are all evidences of how important this part is to the global ecosystem. We now expect to further scale up our efforts to do development of clientele in the U.S., which is where most of the demand is likely to be eventually catered and coming from and hope that we can further increase capacity. We think that in this segment, capacity attracts demand, and that's really our direction of play. And so far, that's played out reasonably well. We also are making good progress towards the leasing of the first of our boxes, which will be held on our balance sheet. And we hope that in the course of this fiscal year, that will also come to fruition.

Your last point in terms of incremental power, that's an activity which we continue to work on. And we'll, of course, update as and when those further get fructified. But I would like to conclude by stating that the positive mindset of the government and the regulators is very supportive of expanding India's data center capacity and our park in Navi Mumbai/Palava is a key part of India's budding ecosystem in data centers.

Abhinav Sinha: That's very helpful, sir. Second question on Palava bit. There seem to be some uplift in sales in the current quarter and Mr. Bindal also hinting at better outcome there during the year. So, what do you see as, let's say, the launch time line of the premium inventory there? And can we see big price uplift this year or maybe that can take another odd year?

Abhishek Lodha: Abhinav, we expect that the connectivity, which is ready, physically ready will open after the monsoon. And if that happens, then of course, we expect to see that it will lead to much greater and improved connectivity to the location from Airoli as well as Mulund. This will not only unlock the higher categories within residential. And therefore, we can count on that starting to surface from the fourth quarter, though I would say meaningful impact might not be visible in the numbers till early next fiscal.

But this will also start unlocking the LandCo side because as this connectivity comes through and as we know that next year on 15th August, the bullet train is going to start operations on a part of its leg, not to Palava, but on a part of its leg. And with both of those things, the LandCo, which is about selling the land that we have surplus for noncompeting uses, for example, affordable housing or back office, that will also benefit from this connectivity. So, I would say is that calendar year 2027 is when we see a significant impact.

Moderator: Next question is from Kunal Lakhan from CLSA.

Kunal Lakhan: My first question is on the pre-sales guidance. We maintained that guidance. And does that factor in the sustained impact of the Middle East war on the NRI demand? And if say, hypothetically, if the war ends, is there an upside potential to this guidance?

Abhishek Lodha: This question is something which is very difficult for us to form a view on because when will the war end, what will be the nature "of the end"? And how will that impact demand? I think as I mentioned in my remarks, so far, what we see is that the impact is contained. The duration has extended beyond what we assume, but we don't yet, given the other strengths, I expect that in spite of that, we will maintain our pre-sales guidance. And let's review it once it actually ends and what that nature of the end is. Thank you.

Kunal Lakhan: Just on the data center bit, when do you expect the leasing activity for the data center to commence? And what kind of demand are you forecasting in terms of like it will be like simple racks/cabinet demand or it will be more, so to speak, like hosting the servers and the end-to-end build-to-suit kind of demand. So, what kind of demand you are expecting there?

Abhishek Lodha: In terms of leasing, as I mentioned in my response to Abhinav and now, we expect that the leasing for the first of the boxes within that 1 gig of power shell that we intend to build will conclude in this fiscal year. We are in talks with a couple of large operators for that and hope that there will be good progress over the next 6 to 9 months. As we have laid out earlier, our current strategy is to move from the sale of land to in addition, building powered shell. That means that we build the physical box and enable the power up to one point in the box.

The activities after that, which is the MEP and HVAC, which takes it from powered shell to turnkey shell. And thereafter, in the turnkey shell, the fit out of the racks and the chips, those are not within our purview of focus right now because we don't really believe we yet have the technical competence for that. Over time, we might move from power shell to turnkey shell, but that's at least a couple of years out.

So as of now, it's only powered shell and then the operators, the hyperscalers, the Neoclouds, the colo players, they take it further from here and then they add various layers of value. So, we are really looking at it from a very wholesale perspective at this stage. We are not in the business right now of a business model of putting in the chips and the racks, which is highly capital intensive and also at risk of technological obsolescence as well as depreciation risk. We are not in that part of the business.

Kunal Lakhan: Understood. And just the last one. On the data center bit again, similar to the committed supply of, say, 3 gigawatts on the electricity side that we have from state as well as National Grid, do we also have a commitment on the water supply side, especially considering the usual pressure on water resources that we have?

Abhishek Lodha: I think it's important to understand that water consumption in data centers does not use any freshwater. There is 0 planned utilization of any freshwater in our green data center park. The reason it's referred to as a green data center park is because it will operate at amongst the highest levels of sustainable data centers anywhere in the world. And the water that will be used will be all recycled water. The Mumbai region, the MMR as a whole generates about 3,500 MLD. I'll repeat that number, 3,500 MLD of recycled water, which is generally thrown out into the sea.

Now with the build-out of infrastructure and under the leadership of the Honorable Chief Minister and his long-term vision, a large part of this water rather than being thrown into the sea will become a revenue source for the municipal corporations and municipal councils by being redirected for usage at the data centers. So again, I repeat, there is 0 usage of fresh water at any of the green data center parks, and it is about utilizing the water, which would otherwise be thrown out -- the recycled water, which would otherwise be thrown out into the sea.

If that 3,500 MLD was to be effectively used, Mumbai could probably support upwards of 40 gigawatts of data centers. But obviously, that's a long, long story, and we are not aware as and when that will happen. But yes, we do have good availability of recycled water from the industrial areas around where our data center park is located. And again, I repeat, there will be our data center park will only use recycled water, which would otherwise be thrown out into the sea and not use any freshwater.

Moderator: The next question is from Akash Gupta from Nomura.

Akash Gupta: Congratulations on a great set of numbers. So, my first question is with respect to your Palava land parcel. Right now, what I understand is out of 4,000 acres, you have allocated roughly 600 acres towards the data center. My question is, is there a change in strategy for the Palava land parcel where we move primarily from residential to more towards data centers eventually where this mix, which is currently at probably 15% eventually moves to 20%, 25%? Or is there a constraining factor where this type of story can never happen?

Abhishek Lodha: I think we would all agree that many of you have been tracking our company for long that 2 years ago, data center was virtually 0. Hence, what it really tells you is that our land at Palava and Upper Thane is hugely valuable because this kind of large aggregated land in touching the Navi Mumbai and Thane is hugely valuable and rare, and it can be used to put to various uses.

So far, we've developed more than 1,000 acres for residential and related uses. And as you now mentioned, there is about 600 acres earmarked for data centers. We still have significant amount of land other than what's been earmarked for these 2 in the order of plus 1,000 acres, which is yet to be earmarked for any use. And therefore, can be allocated to whatever use makes most sense, including based on market demand factors and so on.

Now on the residential side, as the connectivity to Airoli and Mulund concludes after the monsoon this year. And over the next 2 to 3 years, as the bullet train comes through, we expect a significant upside in the residential demand as well as the price points. Further, we expect that the LandCo that we are now slowly getting into shape will from fiscal '28 start showing that the land in Palava can be used for other noncompeting uses at similar price points, about INR 500 million per acre, things like back office, things like affordable housing and so on. So, there are various uses of this land, including, of course, the fact that the data center is now at about 600-plus acres.

Moderator: The next question is from Gaurav Khandelwal from JP Morgan.

Gaurav Khandelwal: I just have one question. I know that our focus metrics have evolved, but could we get some sense on how are the embedded margins this quarter, excluding the land sales?

Abhishek Lodha: The embedded margins excluding the land sales for this quarter are at around the early 30s mark.

Gaurav Khandelwal: Got it. So, this is still within the guidance range of 32% to 34%, which we had guided for this year?

Abhishek Lodha: That's correct. Of course, the margins for what we guided to are the margins for the company. We don't guide to margins by any segment. So obviously, there is outperformance this quarter where the margins are much higher, but that's got to do with the fact that we've done in this quarter approximately half of the land sales that we would expect to do in the year. So that sort of forward loading has moved the margins up. So, I would not change or expect that our margins will be in the 40s for the full year. Our guidance of the early 30s stands.

Gaurav Khandelwal: Got it. And just a follow-up question on the land sales. Are you having any discussions? How does the pipeline for land sales look for the rest of the year?

Abhishek Lodha: I think as I mentioned, the data center piece is gathering a lot of momentum. The demand is strong. And without revealing competitive information, I can only say is that there is more demand than we can currently supply.

Moderator: The next question is from Parikshit Kandpal from HDFC Securities.

Parikshit Kandpal: Congratulations on the land deal. My first question is whenever you sell a land, say, 1-acre land to a data center client, so how much capex do you need to incur on that on a cash flow basis? I mean you did tell you made 40% margin. So, I just want to understand how much cash flows that would result in?

Abhishek Lodha: I'll defer that question to Sushil to respond to, please.

Sushil Kumar Modi: So basically, from a cash flow standpoint, effectively most of the sales price adjusted with the tax effectively gets to the cash flow on the net basis.

Parikshit Kandpal: But do you need to incur any capex while selling this land to say, data center client? So, you have a historical land cost. And on top of it, you need to provide a minimum basic infra, some connectivity, some plug-and-play kind of infra. So typically, if you have an RFQ for, say, 100 acres or say, 1 acre, how much typical capex would go on a per acre basis to realize the INR 42 crores on that land?

Sushil Kumar Modi: Parikshit, yes, you are right. Obviously, when we look at the overall infrastructure, we are not looking at the infrastructure for any specific particular box. That is more for the entire 3 gigawatt as of now that we are developing. And to that extent, yes, we would have certain expense, certain capex to be incurred, but those are in the bigger scheme of things are not too material, but yes, let's say, a number of more like INR 500 crores to INR 700-odd crores that we will incur over a period.

Parikshit Kandpal: Okay. Second question to Abhishek. Abhishek, you have already sold land to AWS, STT and now Digital Edge. So, has some work started there? And a related question, so when we also start building out our data center over the course of next 2, 3 years, so will we compete with these players? How will it work? Just wanted to understand that.

Abhishek Lodha: In terms of whether work has started, yes, several of the players have completed their design and tendered their works and have obtained their approvals and some of them have commenced physical activity at site. In terms of we also expect for our own box to start physical activity on site in the course of this calendar year. In terms of competing, I think it's important to note that the powered shell solution that we provide is not provided by any of the other players.

So,neither the co-lo players nor the hyperscalers look at providing the solution of powered shell. So, I think what we are doing through our action of providing both land as well as powered shell solution is expanding the market because we are giving solutions which currently are not available from any other solution provider.

Parikshit Kandpal: Okay. Sir, last question on the key markets on the residential side. If you can help us understand, I mean, how is Bangalore behaving? What's your initial view on NCR? Even in MMR, especially on the luxury side, have you seen any improvement on the luxury sentiment? I think last quarter, we had some fall-through sales because of the geopolitical. Have you seen the demand coming back now? Any sense on that?

Abhishek Lodha: Yes. I think in MMR, the impact of the start of the Middle East crisis that has abated. So, we've gone back to a normalized behavioural pattern in terms of the closure of high-value sales. Bangalore is shaping quite well. We had, as Prashant mentioned, the launch this quarter, and that's started off very well, ahead of our expectations. So that's shaping well. NCR, of course, we will have a launch in the second half of this fiscal year, and we'll see how that goes. This is how things have evolved for us in Pune and Bangalore remain cautiously optimistic.

Moderator: The next question is from Biplab from Emkay Global.

Biplab: My first question is on the data center, 660 acres that we have earmarked. How much capacity do you think that can be developed ultimately on the 660 acres? And for that full build-out, how much power requirement would be needed?

Abhishek Lodha: The answer really is evolving because technology continues to evolve quite rapidly. The power density of land has changed quite significantly and currently runs at somewhere between 11 megawatts to 15 megawatts per acre. So that's really the number right now. But what it will be in 2 years or 4 years' time is very difficult to know because obviously, power density seems to be moving upwards.

Biplab: So how much power tie-up do you have currently?

Abhishek Lodha: We currently have tie-up for 3 gigawatts.

Biplab: So, 3 gigawatts data center, we can build without any new tie-up that is.

Abhishek Lodha: That's correct.

Biplab: Okay. And second question is on the overall competitive advantage. You and other players are also getting aggressively into data center. So just trying to understand what is the competitive advantage for a player like you? Is it primarily access to large contiguous land parcels and tie-up to power? So, suppose if some developer hypothetically, he has both a lot of land parcel in Navi Mumbai or Delhi and also has a power tie-up. Do you think they can also become a competition?

Abhishek Lodha: Yes. So, I think the primary requirements for this business are land, contiguous land, power and water, recycled water. And now as the business starts moving towards, I would say, a level of growing up/maturing, it depends on the ecosystem, who's already present there, what is the infrastructure which has already been built out and the relationships that one has with the various capacity builders.

So, it's a business where others can, of course, try to compete, but we believe that there is a clear competitive advantage that we have because we've been on this for several years and have built an ecosystem as well as deep relationships in addition to, of course, the physical infrastructure that you already highlighted.

Moderator: The next question is from Jatin from Bank of America.

Kunal: This is Kunal. Abhishek, continuing on the previous topic, just wanting to better appreciate the doubling of land price point in 12 months. So how much of this would be coming from the fact that as demand for data center land goes up, the market itself has risen? And what component comes from the fact that you're able to offer something unique in the land parcels that you own?

Abhishek Lodha: Kunal, I think it's important to note that the early price points that we offered were really to create the location. So, I would say that those price points were below market, and that was really the cost of creating the location and establishing the ecosystem.

Having now incurred that cost in the earlier transactions, we are moving more towards market price. We think fair market price is closer to about INR 650 million per acre. And we hope that over the next 18 months, we can reach that level.

In terms of value addition, as Sushil highlighted, we obviously incur a modest amount of cost, perhaps about 10% to 15% of the sales price at the current level of about INR 420 million per acre towards building out some infrastructure and making the land ready for them to start construction soon. So,there is a variety of things which goes into it. But yes, I would say is that the fair market value of the land that we have is more like INR 650 million per acre.

Kunal: Got that. And then just a quick follow-up. I heard you on the commitment or the access to 3 gigawatt of power that you already have. But we also hear that data center also needs access to power for long durations. So, would you be signing up contracts with the power agencies for, let's say, a 10- to 15-year contract? Or would it be like in short burst and then there might be the risk of price increase beyond that?

Abhishek Lodha: I think the fact, Kunal, is that these are all rapidly evolving fields, and we continue to work with experts and build out our own internal capabilities around that. We also work very closely with our clients who are actually the ultimate consumers of the power. So, we will be looking at all of those, but it's not that we are the consumers. So, the consumers are the end occupiers of the spaces. So, we work closely with their strategy.

Moderator: We'll take that as the last question. I would now like to hand the conference over to Mr. Anand Kumar for closing comments.

Anand Kumar: Thank you, everyone. I hope all the questions were answered. In case you have any more queries, please reach out to either me or Chintan in the IR team. Thank you.

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