January 31, 2022

The Listing Dept.,
BSE Limited
Corporate Relationship Department
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai- 400001
Scrip Code: **543287** Scrip ID: **LODHA**

The Listing Dept.
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G
Bandra Kurla Complex
Bandra (E), Mumbai – 400 051
Trading Symbol : **LODHA**
Debt Segment - **DB - LDPL23**

Dear Sir,

Sub: Q3 FY22 - Earnings Call Transcript

We are enclosing herewith a copy of the transcript of the Company's Q3 FY22 earnings conference call held on January 27, 2022. The transcript is also available on the Company's website i.e. www.lodhagroup.in under the Investors section.

This is for the information of your members and all concerned.

Thanking you,

Yours truly,

For Macrotech Developers Limited

Sanjyot Rangnekar
Company Secretary & Compliance Officer
Membership No F4154

Encl: As above

“Lodha Group
Q3 FY2022 Earnings Conference Call”

January 27, 2022

ANALYST: **MR. BIPLAB DEBBARMA – ANTIQUE STOCK BROKING**

MANAGEMENT: **MR. ABHISHEK LODHA – MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER – LODHA GROUP**
MR. SUSHIL KUMAR MODI – CHIEF FINANCIAL OFFICER – LODHA GROUP
MR. ANAND KUMAR – HEAD - INVESTOR RELATIONS – LODHA GROUP
MR. PRASHANT BINDAL – CHIEF SALES OFFICER – LODHA GROUP

Moderator: Ladies and gentlemen, good day and welcome to Lodha Group's Q3 FY2022 Earnings Conference Call hosted by Antique Stock Broking. 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 conference call, please signal an operator by pressing "*" and then "0" on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Biplab Debbarma from Antique Stock Broking. Thank you and over to you, Sir!

Biplab Debbarma: Thank you Janice. Hello everyone and welcome to 3Q FY2022 investor conference call of Macrotech Developers Limited. You may be aware that Macrotech Developers had a strong all round performance in 3Q FY2022 with highest sales booking in the last 12 quarters in India business and the best ever quarter in UK business. We expect this momentum to continue on the back of robust business development of the 11 JDAs since IPO. With that optimism let me introduce the Macrotech Developers management represented by Mr. Abhishek Lodha, MD and CEO, Mr. Sushil Kumar Modi, CFO and Mr. Anand Kumar, Head IR. The format of the discussion would be brief opening remarks by the management followed by Q&A session. Without further ado let me hand over the call to Mr. Abhishek Lodha. Over to you Sir!

Abhishek Lodha: Good afternoon everyone. Thank you for joining our earnings call today. I hope all of you, your families and loved ones are all well and safe. We have had a very exciting calendar year 2021 as we got listed and have now completed three full and most importantly successful quarters of operations after listing. As a listed company we started right in the middle of the fatal second wave of COVID and as we report this behind the midst of the third wave, which thankfully is not half as bad as the second wave. Amid this challenging environment we have crossed many significant milestones, but more important than anything we have managed to deliver what we promised our investors at the beginning of the journey on every single aspect. As a result of this delivery and the tailwinds in the sector we were able to successfully raise Rs.4000 Crores by way of a QIP, which was taken up by blue blooded investors.

There are six important updates that I would like to share with you at the start of this presentation. The Omicron impact, which we have mentioned about in the presentation, but at this point we are not seeing any significant impact. There was no stoppage in construction and we are taking all necessary precautions with the labor at all the sites. There has been a slight deferment of potential buyers to sites in the first half of January and at this point we estimate a deferment of about Rs.200 Crores to the sales for this quarter, which of course will come back in the following months. A positive take from it is that the third wave would probably have catalyzed more customers to buying their homes with work from home now being a continuing phenomenon. Subject to nothing further going wrong from here we see no impact to our full year guidance for presales and continue to guide towards Rs.9000 Crores of presales for FY2022. There might have been a little bit of a question mark on the cash flows from the pre-quarter release. The great piece of news is that we use about Rs.750 Crores towards the taking advantage of the 50% benefit that the government authorities were offering for payment of approval related cost on or before December 31, 2021 and as a result of this payment your company has saved about Rs.600 Crores which we would have otherwise incurred in the forthcoming quarters. This savings will have a meaningful benefit because our approval costs have been not only saved but also front loaded and therefore cash flow in the future quarters will be better because the approval cost will be much lesser than they would otherwise have been. On a broader basis we expect to continue deleveraging on a quarterly basis and the strength of our operational cash flows is such that we are looking at a meaningful deleveraging on a quarterly basis going forward and that continues to be a very, very important focus of the company's business plan.

The point number three, we still have about Rs.2200 Crores of surplus on the QIP proceeds which as we have mentioned in the presentation will be used to capture growth opportunities which are available for a brand like Lodha and continue growing through our asset-light and capital-light model. We have so far added 11 JDA projects in 2021 of which six were in this last quarter and the process continues with a clear pipeline visibility for this quarter and the coming quarters. The company's brand and transparent way of working as well as strength in sales and execution have been very much appreciated by land owners and we continue to see the desire to associate with Lodha getting stronger amongst land owners in Mumbai as well as in Pune. The details of the 11 JDAs that we have done so far in FY2022 for three quarters have been mentioned in the presentation. The JDA opportunities that we are focused on involve modest investment of 6% to 7% of the GDV, reasonable time to market and margins of approximately 18% PBT, which leads to IRR of 40% or thereabouts. We believe that this capital-light model of growth is extremely important because it is resilient. It allows the company to keep growing adding projects while continuing two deleverage and this unique combination of growth and deleveraging simultaneously will provide significant strength to your company going forward.

Fourth update, I am pleased to update you that we are starting to see an appropriate level of price increases in across the different segments in the business. For the first nine months, prices have grown on an average by about 5% across our portfolio and in certain parts of the business they have even been at higher 8% to 9% growth. For a full year we expect the portfolio to have a price growth in the range of about 6% which we believe will lead to demand continuing to strengthen because as prices move up at a moderate pace, the desire for home ownership gets expedited and we start seeing and have started seeing better conversion levels. Price growth at or around the level of wage growth and as you know wage growth in our country will average 8% or higher means that it is a Goldilocks scenario for the housing industry because affordability is increasing, demand is increasing and margins are also modestly increasing in spite of the inflation in cost, which I will just cover in a minute. Inflation as I mentioned just now is the biggest buzz word these days and it has impacted our sector in two important ways, the rise in cost and the rise in interest rates. In respect to interest rates from what we can understand from expert analysis, there could be an interest rate increase of between 25 to 50 basis points in the course of calendar year 2022. We believe that kind of increase is relatively easy for mortgage cost to absorb and we do not expect that there will be any significant negative impact to demand on account of that kind of an increase in mortgage cost. Given the high degree of competition amongst the lenders we expect really the focus on mortgaging to continue and the availability of mortgages which is a very important factor for home demand to continue to be quite strong.

Secondly commodity, building materials and labor prices have increased and they may even increase further; however, the fact is that the intensity of construction cost as a percentage of sales price in India is quite moderate, in the Mumbai region it is between 30% to 40% of the sales price and consequently even a 10% increase in the construction cost only leads to a 4% impact on margin and given the fact that we have already been able to increase prices by averaging 5% this year and potentially up to 6% for the year. You will note that the inflation is being passed through and there can even after that be some expansion in margins. Of course your company has a significant amount of ready inventory, which benefits disproportionately from the fact that while the prices are increasing there is no cost inflation there and that can help further support a growth in margins.

The last and most important update is our continuing focus on deleveraging and reducing debt at an accurate pace in the current quarter and thereafter. Our endeavour is to have a very strong balance sheet and to further reduce debt and the cost of debt both significantly in the next four to five quarters and the success of the sales in London are going to further support our deleveraging efforts. Our interest cost in the current quarter will be approximately around Rs.300 Crores and we expect to further moderate that to about Rs.800 Crores for the full year in the next fiscal. We will give a detailed update on our plans for the coming fiscal as well as the sales guidance in our upcoming quarterly presentation. I am sure most of you have had the opportunity to go through the presentation and have looked at the numbers. I will just give you a quick overview of some of the important numbers.

Sales, our presales were at Rs.2608 Crores and today we have our Chief Sales Officer, Mr. Prashant Bindal with us who will give you an overview of how things are panning out on the ground and how Lodha sales machinery is geared up to increase our presales in the quarters to come. The Rs.2608 Crores number was our best ever quarter in the last 12 quarters and we were up by 40% year-on-year sales and you have to recollect that Q3 of fiscal FY2021 was the quarter in which the Maharashtra Government gave the biggest waiver on stamp duty and in spite of that the sales in the Q3 of fiscal FY2022 were 40% year-on-year higher.

On the collection side, in spite of the second wave of COVID hitting in the last part of the quarter we were at a healthy Rs.2127 Crores showing a growth of approximately 44%. We have had a year where we have had the first two months disrupted by COVID and again about three to four weeks disrupted by COVID, but as the presales are picking up we expect that the collections will also start climbing up at a faster pace going forward. As you know in our company historically the ratio of pre sales to collections has been at 100% or better and we expect that to continue. Our UK projects had their best ever quarterly sales with Grosvenor Square achieving £177 million about Rs.1800 Crores and Lincoln Square achieving £14 million of presales. As indicated earlier Lincoln Square is on track to be fully sold out in the next one to two quarters, Grosvenor Square has sold nearly £300 million in the last four months and will likely sell out over the next four to six quarters and therefore the repatriation of capital to India will begin in fiscal FY2023 itself and we expect the entire capital invested in the UK to be repatriated back to India in the next four to six quarters.

In terms of the JDAs as I updated, it was a fabulous quarter. Six more JDA projects worth Rs.10000 Crores added and this really shows that there is an increasing momentum even on the business development side. In terms of our operating cash generation we were able to reduce debt by Rs.400 Crores from operating cash itself. This we think is very important because as collections go up from Rs.2100 Crores in the last quarter to a much higher level of Rs.2500 Crores, Rs.2600 Crores, Rs.2700 Crores in the quarters to come you will start seeing deleveraging at an accelerated pace. In terms of our progress on the digital infrastructure business we saw lot of interest in Palava. We have a global sportswear company setting up their APAC India Logistics hub at Palava with one million square feet. We have very advanced discussions with the global e-commerce player, which will conclude in the next three months on setting up a million plus square feet warehouse. We have had a hospital chain take land from us to set up a good size hospital. We have had a Pharma company come forward to set up their R&D hub. We have of course completed the transactions with Morgan Stanley last quarter and now we are in advanced stages of concluding our joint venture with two marquee global investors in which the due diligence is now advanced and we expect to conclude in the next three months, which will allow us to expand the digital infrastructure platform not just in Palava but also across many locations.

Last and very importantly we are continuing our focus on the ESG front. We were rated by the S&P Global Corporate sustainability assessment team and we were found to be amongst the top 13% of the global real estate companies. This was our very first attempt that being rated by a third party and we have a lot of learnings and we expect that our score and percentile rankings in this regard will show a significant upward trajectory over the next 12 and 24 months. We are continuing to focus on simplifying our corporate structure along with a view to increase the transparency of our business to all stakeholders and ensuring that the business can be easily understood by a wide subsection of investors. In this context we filed for the merger of nine unlisted entities in December and further the Board has approved the proposal to merge three of our listed subsidiaries earlier this month. The merger of the listed subsidiaries will of course be subject to approval of the concerned authority as well as the approval of the majority of the minority shareholders therefore taking care that all interests are appropriately protected. We continue to focus on helping our society deal with COVID better in addition to the 60,000 plus vaccinations that we have already administered to our employees, third party workers, dependents as well as residents at Lodha Developments, we are now focused on ensuring that booster shots are made available in the biggest possible manner to those who are eligible as well as helping in the vaccination campaign for the teenagers, which the Government of India has now started. We continue as a company to be very focused and mindful of our obligations as a responsible corporate citizen and intend to take further steps when it comes to giving back to the communities that we live in and we will update you further in that regard at the next quarterly update.

Before I conclude very quick synopsis of the P&L, the revenue came in at Rs.2059 Crores with a year-on-year growth of 36%, our adjusted EBITDA was Rs.698 Crores up 55% on a year-on-year basis, and adjusted EBITDA margin was about 34% up 420 basis points on a year-on-year basis. The PAT adjusted for forex impact was Rs.279 Crores showing a 220% growth on year-on-year basis and a PAT margin of approximately 13%. Lastly and quite importantly our leverage ratios have improved sharply and our debt to equity now stands at 0.9x. Summarizing our focus continues to remain on the duality of capital efficient growth and deleveraging. We are quite confident that the tailwinds in the housing sector and the strength of the brand of this company combined with the strong execution of sales and operations will provide us with strong growth momentum in the quarters to come. That is all from my opening remarks and happy to take questions now. I am sorry before we move to questions I will request our CSO, Prashant Bindal to share his observations of the sales circumstances currently.

Prashant Bindal: Thank you very much and good afternoon to all. As Abhishek has pointed out the consumer sentiments and the whole real estate industry has been having tailwinds for the last 15 odd months and we have seen tremendous consumer sentiments as well as the business opportunities in the last 15 months and quarter-after-quarter we have seen this improvement. From a sales perspective we look at this behavior from how many consumers are actually coming to our sites and how many of them are actually buying and that gives us an idea and where are they doing it, are they doing in certain projects or are they doing across that gives us an idea how the overall business and overall sentiments are. So when we look at this aspect what we find is that the business opportunities, the business is improving across geographies and across categories. If we look at our business we have divided business into may be three categories one is the affordable segment, which we call the CASA segment, the aspirational segment and the premium segment. Now if you observe the number of consumers who are coming to our site, in Q3 that is the last quarter we had 27000 consumers coming to our site. Now 27000 consumers in 13 weeks is an average of 2000 walk-ins coming to our site every week and that is an improvement of over 10% so if we look at last year Q3. As Abhishek pointed out that last year Q3 was a phenomenal year when Maharashtra government gave the stamp duty benefit. On last year Q3 the number of walk-ins were 24000, on that 24000 walk-ins we had 27300 walk-ins so we had roughly about 12% increase in walk-ins over the last Q3 and the conversion was about 7%, 7.2% to be precise last Q3 and this year the conversion has reached in Q3 at an unprecedented 9%. For the first time in the last 20 odd quarters our conversion is touching 9% so this is unprecedented so if we look at almost a 30% swing or 35% swing over the last Q3 it is about 12% coming from a swing in the number of walk-ins and about 20% coming from a swing in the actual conversion and if we compare with last quarter, last quarter we had 24,000 walk-ins and this quarter 27,200 walk-ins so roughly about the similar number about 12% conversion improvement over the last quarter and 12% improvement over walk-ins over Q3 that is last year same quarter and similarly our conversion was about 7.6% in last quarter and about 9% in this year so in all parameters we see an improvement in the number of walk-ins quarter-by-quarter and over last year and in conversion and when we look at it this conversion is seen across categories whether it is aspirational segment, out of that 27,000 walk-ins that come about 70% of course because the aspirational segments are less than Rs.1 Crores they attract more number of walk-ins. About 68% walk-ins happened in the affordable segment, about 15% happened in the aspirational segment and the balance 12% in the premium segment. We have seen almost a similar kind of increase in the number of walk-ins across all three segments and the conversion has been best both in affordable as well as in the premium segment. That is why in terms of value terms if you will see the value of premium business is almost equal to affordable segment almost Rs.2300 Crores in both the segments so this gives us an idea that there is a momentum across the categories and across the geographies so just to give an example for the last Q3 if I take two extremes one is a township segment which is in the range of Rs.50 lakh to Rs.60 lakh, which is the Palava segment we had as many as 14,000 walk-ins coming in one quarter that is three months and 1000 bookings and more than Rs.600 Crores business. This is one of the best activations we have had in three months getting more than Rs.600 Crores business in one business of Palava. Rs.600 Crores coming up in one quarter and on the other hand if we look at say World Tower. World Tower is we reckon it as the best developments in the world we had 600 walk-ins and 30 bookings at a business of Rs.300 Crores. Last quarter also we had almost 550 walk-ins but 18 bookings at Rs.212 Crores in World Tower and this quarter we had 30 bookings at a value of Rs.300 Crores so if you see that there is a continuous movement quarter-by-quarter and as compared to last year both in walk-ins both in any conversion in the overall business and that holds us and we believe that this momentum will continue in the coming quarter. We believe that if you can continue with this momentum of Q2 from 24,000 to 27,000 walk-ins in Q3 if we believe that we can take the number of walk-ins to 30,000 in the coming quarter that is this quarter and even if we maintain the same conversion because

9% conversion was unprecedented, which we have it for the first time that itself gives us about 2700 bookings and takes us to our guidance and within this our distribution for the first time we have crossed 1000 channel partners actually booking with us now this is unprecedented. These are the numbers, which large number of consumer good companies actually show, these are the numbers, which the 1000 distributors are with the largest consumer good companies like Britannia or Marico who get 1000 distributors booking this so we had 1000 channel partners actually doing the booking with us and 4700 channel partners actually bringing the consumers to our site, so in terms of the number of walk-ins and in terms of our distribution strength we believe that we are in a situation where we can keep taking advantage of the rising consumer sentiment and our brand strength to take the business to the next level. Generally what we have seen is from the consumer sentiment is that the concentric circle story plays a very critical role that is that wherever location you come with a project with zero to 5 and 5 to 7 kilometer radius plays a very, very critical role. So when you enter a new geography you actually interact with new set of consumers and new set of channel partners and that is what we believe that when we enter into new geographies we get new channel partners to interact with and the new consumers to interact with. If you are coming up with 10 to 11 JDAs in the coming quarter and in the next year we believe that this will take our system and our distribution and our consumer sentiment to absolutely new levels. If in the current systems current business we have got 4500 channel partners we interact with and 1000 channel partners which we hope by end of quarter four will take to 1200 then in the coming years in the new geographies because all our JDAs in fact the best thing about the JDAs is that they can plan very well they give us entry into those geographies which we are historically not present. Just to give an example that Bombay if you talk about the Bombay is Bombay for any consumer in the good industry or anything Bombay is at the top if the top eight markets if we see the total real estate industry business is about 220000 Crores business. Out of that Bombay alone is 95000 Crores this means that of that 8 markets top 8 markets Bombay is about 45% of the total market and within that 95000 Crores market we are currently present in the market of about 35000 Crores and whichever market we are present in, we have a market share of about 22% to 34%. Now there is a market which is balance left of close to about 55000 Crores which we are not even present there is a western segments of 17000 Crores there is an eastern segment of another 11000 Crores there is Navi Mumbai of another 11000 Crores, and most of these JDAs are coming in these geographies where we have not been present and our goal is that in coming 15 to 18 months we can have at least 10% of this balance 60000 Crores market and wherever this year we entered into through new JDAs. Now just to give an example one the first one we entered was in Pune, the Pune is a 25000 Crores market within that Pune, South is 4000 Crores market and if we look the sub-phase of Pune South which is the Pune NIBM where we entered NIBM area if you look at that zero to 10 kilometer radius that micro market is about 1200 Crores. In three months' time we have done 280 Crores business there and by the year end we will end up doing almost 400 Crores business there. So this means that we will end up doing about 25%

of that sub-phase market. Similarly in Kandivali we entered into Kandivali which is western suburb where we have never been present now this is Kandivali East. So Kandivali if you look at western suburb is 17000 Crores market in this the East part of western suburb is about 4000 Crores market and if you look at the sub segment it is about 1200 Crores and we will end up doing 400 Crores market we have already done 300 Crores business in Kandivali in three months and will end up doing almost 450 Crores business so this means they are just going phase by phase and all the JDAs are being planned in such a manner that we go step by step by step capturing the market share in every phase and in the next 15 to 18 months we will definitely end up capturing 10% to 12% of this balance market share and along with that hopefully take the market share the overall number of channel partner that we engage with through almost 7000, 8000 the way we have ramped up our team to more than 1000 people on the frontline and the digital interface I think that is the most important thing so much of business coming so much of booking happening and at that time almost 40000 consumers coming to us every quarter we will be ramping up our digital interface to understand the quant as well as the qualitative behavior. So this is the way we are trying to work our way up and hopefully the next coming quarters would be as exciting and hopefully we can always report other quarter to be the best ever quarter. Thank you.

Abhishek Lodha: Thank you Prashant for sharing those insightful comments we will now open it up for questions.

Moderator: Thank you very much. Ladies and gentlemen we will now begin the question and answer session. The first question is from the line of Pritesh Sheth from Motilal Oswal. Please go ahead.

Pritesh Sheth: Thanks for the opportunity. Sir, two questions. Firstly I think very encouraged to see the six deals getting signed this quarter and out of that three in south and central market while we are talking about all JDAs that we signed are in the market where we are not present in. So any highlight which are the exact micro markets that you have entered into through JDAs from these deals that we have signed.

Abhishek Lodha: Hi Pritesh. So in terms of our strategy, our strategy is to focus on ensuring that we are growing into the micro markets where we have no presence and we have supply coming out in the markets where we are exhausting supply. So both those elements of the strategy are playing out together. In terms of the south central Mumbai market our projects at Kalachowki as well as KEM hospital are now essentially fully sold out and therefore we need to replace that supply around at price point range of around Rs.23000, Rs.24000, Rs.25000 a square feet and those are the kind of new JDAs that we have largely added which are on the eastern side of the railway line and more catering to that price point we have reasonable supply currently available in the Rs.25000 to Rs.30000 a square foot range which is on the western side which is park etc. So we have not added in that area.

Pritesh Sheth: Sure with that good clarification. And secondly on the 2200 Crores surplus that you mentioned sitting in from the QIP so if notice that your borrowings have reduced by that similar amount of 2200 Crores from previous quarter from now. So can we assume like whatever were surplus we have for now paid out the borrowings and then after that you will raise it at a lower cost of debt, is it how the strategy is going to be.

Sushil Modi: So the debt reduction that which we are seeing Pritesh that is on the net debt basis so at any point of time as what we have decided from a financial liquidity and the capital structure standpoint that we would be carrying 1500 odd Crores of cash at any given point of time to capitalize on some of these opportunities in the form of JDA that will keep coming and to that extent at the quarter end December our cash balance is stands at around 1300, 1350 odd so that is the strategy so effectively as you know we are a company which generates free cash flow effectively on a daily basis so to that extent that money in case is fungible we keep generating the money and then keep generating operating cash flow and thereby it keep utilizing for our growth trajectory as we speaking.

Pritesh Sheth: No, that is fair, but September your gross borrowing amount was around 15000 Crores and that is now down to 12900 Crores odd so that is 2000 odd Crores of reduction so that for now we had utilized our balance QIP amount to repay the debt that is what my question was.

Abhishek Lodha: So, Pritesh if I can add to what Sushil said I will just elaborate and he said about 1300 Crores has been carried as cash with us and balance of course we used as part of our treasury management and optimization where we have sort of lined up refinances etc. we might pay it a month or two in advance to capitalize on the spread on overnight or money market rate vis-à-vis the profit of net and then the money comes back and as we repay the debt.

Pritesh Sheth: Got it. Thank you, that is it from my side. All the best.

Moderator: Thank you. The next question is from the line of Adhidev Chattopadhyay from ICICI Securities. Please go ahead.

Adhidev Chattopadhyay: Good afternoon everyone. Thank you for the opportunity. My first question is mainly I guess on the sales front so I think as of Q2 I think months of August, September we were seeing 700 Crores of sales in a monthly basis. Could you just help us understand from the new launches what has been the uptick in the sales momentum versus the existing inventory and the new launches for the current quarter that is the first question and second question again just on the construction cost at the beginning of the year we had said our budgeted cost is around 2800 Crores for the full year so I think we have done 1800 Crores in the nine months. So could you just help us understand the reasons for the variants if any which will be there in the full year numbers. Thank you.

Abhishek Lodha: In answering your questions, I am just taking up the data on your first question, answering in terms of the second question we had budgeted about 2800 Crores of construction spend for the full year with the impact of the second wave of COVID in April and May and the modest impact of the third wave of COVID we expect that for the full year the number will now end up at closer to 2450, 2500 Crores so about 400 Crores lower than it would otherwise have been on account of these impacts of COVID. In terms of your first question for the Q3 an amount of approximately 400 Crores came from the new JDAs projects in terms of the pre-sales and the balance 2200 odd Crores came in from our ongoing and existing projects.

Adhidev Chattopadhyay: Okay fine that is it from my side and all the best. Thank you.

Moderator: Thank you very much. The next question is from the line of Luv Sharma from Lombard Investment. Please go ahead.

Luv Sharma: Hi! Abhishek and team great set of results congratulations and happy New Year. I had one question regarding the London projects. So on the inventory financing could you just share more details it has been closed what kind of terms are there and then I think you are of course looking to prepay the bonds by March this year. So just want to see and how that is progressing. Thank you.

Abhishek Lodha: Hi! Luv I hope you and everybody at home and in Singapore are well. So now in terms of the inventory financing we earlier had a facility of about £325 million that has now been reduced to £225 million because of the level of sales which have been achieved and it is at about it is a four year facility at about 5% per annum in the rate of interest. So those are the highlights of the inventory financing and the repayment of the bond as we had updated at earlier this month we expect it to be fully repaid in the next four months and a significant portion might be paid by the 10th of March itself and from the sales completion that they are having.

Luv Sharma: But are you looking to I mean based on the timeline you are working towards do you expect it to be fully repaid by March or maybe some most prepaid and then maybe carried over to the next quarter.

Abhishek Lodha: There is a little bit of, the fact is that as the completion happen because of now the second wave of COVID etc. sometimes timelines can slip so while we have our optimistic case that it might be fully paid out by the 10th of March we want to sort of keep a little bit of buffer and that is why we guided to about four months as it might some small amount modest amount might even slip into the following quarter.

Sushil Kumar Modi: So it is more a function of completion rather than anything else because the sales is already done it is just completion and thereby collection to be utilized for the payment.

Luv Sharma: Okay got it. Thanks Abhishek and Sushil thank you. All the best.

Moderator: Thank you. The next question is from the line of Puneet from HSBC. Please go ahead.

Puneet: Thank you so much. My first question is with respect to the buyout that you have done at Palava is it possible to share what kind of valuation were did.

Sushil Kumar Modi: Yes, so it is basically the Ivanhoe who are the investor there who came in, in 2018 so it has basically given an exit to them and simplifying the structure which was part of our, which is something that was envisage at the time of IPO itself and was being mentioned there. So they had invested around 500 odd crore in late 2018 and they have gotten an increase now so you can very well see the numbers.

Puneet: So what was the percentage ownership is it even a direct ownership for the entire Palava so 646 is what you have paid and how much if they own.

Sushil Kumar Modi: It is effectively so this was a convertible instrument so optionally convertible instrument so it was never converted so what they have gotten is effectively kind of more or less in line with our debt cost which is at the beginning of the year we were running at around 12% so more or less that is the kind of effectively as call it as an IRR on an average that has been given for this exit.

Pueet: And post this payment will your interest cost also come down because this could be treated as the debt earlier right.

Sushil Kumar Modi: Yes, in any case as we said that our interest cost continues to remain on a downward trajectory as we keep reducing our leverage and as our capital structure keep strengthening so thereby debt profile keep improving and which will lead to a significant reduction both on the existing debt as well as lot many debts gets kind of refinance at a much lower cost so you would have noticed that all our incremental borrowings are happening at around single digit below 10% and we see that, that should only be going down as we move on. So we at this point we are contemplating potentially exiting this financial year by March in any case around 10%.

Puneet: That is very helpful. Thank you so much. My second question is on this lot of you guys have close in a year of experience in doing JDAs very aggressively. Have you noticed any change in the terms of the trade compared to April 2021 to now we were sitting in almost January 11, 2022.

Abhishek Lodha: That we are seeing on the ground right now we are only sort of at the I would say early stages of fully capitalizing on the JDA opportunity I think the pool is very large and the willingness of the land owners to associate with a very best brand is very, very high they do not want to take chances any more. We have not seen any change in the terms of the trade in a meaningful manner obviously terms in Mumbai are different from terms in Pune so Pune and whereby terms are different but other than that we have not seen any significant change in terms of at what levels the deals are happening at which I understood your question to be.

Puneet: Yes, so more implied change in the land prices also in JDAs of these partners.

Abhishek Lodha: See the thing of the JDA thing and if you would have to take into notice that it automatically had that built in because if land prices are going up that is as a consequence of the increase in end product prices. So if end product prices are going up and at the same percentage the guy is going to get paid reasonably something more because prices are going to go up so that inherently built into the revenue sharing model or the profit sharing model.

Puneet: So you are saying that pace of end product price going up the same as a pace of land price going up and hence it is gets adjusted automatically.

Abhishek Lodha: Well, I would say a combination of fact that one end product prices have just started going up in the last two odd quarters, second negotiating power is different so it is not that you translate it is like to like in a perfect world with equal negotiating power land prices should move up at a faster phase than the end product prices but that is not the case right now.

Sushil Kumar Modi: I think more important perhaps maybe it is to recognize that the land owners or the various other stakeholders looking brand Lodha duly recognizes and appreciates what Lodha need to deservingly get for putting their brand onto a project and to kind of effectively convert or make that land parcel into a project at the fastest pace. So at which is what is relevant from our standpoint so long our margins are being put on the table thereafter by default intrinsically the land owner also get a better pie or a better share in the pie as the price keep moving up thereby intrinsically the land prices also moving up.

Puneet: That is very helpful. Thank you so much. That is all from my side, thank you.

Moderator: Thank you. The next question is from the line of Kunal Lakhan from CLSA. Please go ahead.

Kunal Lakhan: Thanks for taking my question. First my first question is on the land and the investment this quarter the spend there was a little lower than our earlier quarter how should we look at this going ahead considering that you already are putting on 2200 Crores of cash year mark towards it.

Abhishek Lodha: I would request you to see the data on slide #25 along with the data in relation to the utilization of QIP proceeds so from our operating cash we used the 155 Crores towards the land and approval and in addition to that we invested 369 Crores from the QIP proceed towards the new JD/JVAs so as a combination that number is approximately 515 Crores which sort of is an indication to you of other level at which we have invested into new land and growth on an average you could expect us to be investing somewhere between Rs.300 to Rs.400 Crores a quarter towards the JDAs.

Kunal Lakhan: Sure that is helpful, and my second question was on the interest cost just a clarification did you say earlier that the interest spend would reduce to 300 Crores this quarter.

Abhishek Lodha: Yes, so given where we are in terms of our debt as well as the cost of debt we expect to spend approximately 300 Crores it could be plus, minus 5% but approximately 300 Crores for this quarter and then for the next year full year we are estimating it at about 800 Crores for the full year again plus, minus 5%.

Kunal Lakhan: So what will be the gross debt number for this quarter Q4.

Abhishek Lodha: You are asking me for a gross debt number at the end of the quarter.

Kunal Lakhan: Yes.

Sushil Kumar Modi: That is currently at as at 31st December it is at around ballpark 11200 odd Crores the gross debt the net debt that is how 1300 Crores cash if you reduce you get to the 9800 Crores net debt number.

Kunal Lakhan: Okay great thanks so much.

Moderator: Thank you. The next question is from the line of Sameer Baisiwala from Morgan Stanley. Please go ahead.

Sameer Baisiwala: Thank you so much and good afternoon everyone. Abhishek can you update us on the new launch plans for three south Mumbai projects, Malabar hills, Tardeo and Prabhadevi.

Abhishek Lodha: The timing of the launches are for the Walkeshwar project is most likely in this quarter it might depending on circumstances always could slip by a month into the next quarter but largely it is expected to be in this quarter. In terms of the Tardeo project we expect it to be Q2 of the following fiscal so between July and September and in terms of the Prabhadevi project that is currently not envisaged to start in fiscal 2023.

Sameer Baisiwala: And so when I see on your slide that you are planning to launch 0.6 million square foot in Q4 that probably has only one of these which is Walkeshwar.

Abhishek Lodha: Yes, it has Walkeshwar the Malabar Hill project unit you are right.

Sameer Baisiwala: And the balance so that is I think point to…

Abhishek Lodha: The balance is at New Cuffe Parade.

Sameer Baisiwala: And second question is on digital infra and just your assessment of demand over there Abhishek do you think you can monetize or I think what you plan 200, 250 acres per annum that is one and second related to that is you have allocated a very large part of your land bank roughly 3500 acres for this versus 900 for residential so what gives you that confidence and do you think this is cast in stone or do you think at some point in time you may want to reallocate this.

Abhishek Lodha: Sameer of course one looks at business plans on the perspective was the best available information and as a nimble company one would obviously optimize if opportunities for optimization were to present themselves. Having said that the demand for digital infrastructure right now and we see it is very robust we have as I mentioned in my opening remarks we have a million square feet lease to a global sports wear brand for their Asia Pac/India logistics hub we have had meaningful demand between 200000 to 400000 square feet from number of different players we have a million square feet that we are doing with a global ecommerce player. So overall what we had guided to of monetizing about 700 Crores on an average annual basis of the land towards digital infrastructure we continue to believe that, that number is achievable and we could also see that as more and more assets class come in so as I was mentioning earlier now you have R&D facilities being set up, you have hospitals coming in you could have some other asset class coming in, in due course you could definitely see that, that range of 700 Crores being achieved hopefully we could even do better than that.

Sameer Baisiwala: Is it that Abhishek the economics per acre or per square foot of residential is significantly higher than for the commercial usage and that is a reason the question, but I guess you make up on a time value is that the thinking.

Abhishek Lodha: Sameer I think it is a combination the land as we have right now we said okay let us have a plan where we can monetize this land in a very effective manner in the next 10 to 12 years and so the 900 acres towards residential office and retail is really our estimate of the take-up of land over the next 10 to 12 years obviously what we are doing right now in digital infrastructure needs to be compared with what we were doing in residential 10 years ago you will remember that in residential in Palava we started at Rs.2000 square feet 10 years ago because this is the market creation time true value realization happens over the journey especially when you are trying to create the destination of this scale so I think there will be an improvement in the realization from digital infrastructure over time residential realizations will continue to remain far better than these realizations but then residential density on a per acre basis is much higher you can build 120000, 140000, 150000 square feet an acre so there is only so much supply that the market still can absorb so that is a trade off but if 900 acres is what we need for the next 10, 12 years we can always take another 300 acres and extend that to 15 years if the circumstances would tell us that, that is a right thing to do on a NPV basis.

Sushil Kumar Modi: I think Sameer this interplay which you pointed out is absolutely valid and this interplay will also between the residential and the digital infra would be always something that we will be closely tracking this and because digital infra also as we have discussed in the past generates a phenomenal tailwind to the resi. demand so if as the resi. demand thereby gets into the virtuous cycle and improves disproportionately vis-à-vis what we have contemplated because we are clipping more like say in 12, 15 years whatever is required to cater to the residential demand keeping that aside we have allocated the rest for the digital part but if that happens to be we start seeing the uptick on that front sooner than automatically that means to that extent the reallocation is always possible and we will always be keeping our eye on it.

Sameer Baisiwala: Okay great thank you very much, with your permission if I can ask one last question that is on your JDA platform do you see any risk to these transactions see it is only be nine months and risk may unfold in three, four years of ahead in liabilities or more any such thing that we need to worry about.

Abhishek Lodha: Sameer I think the fact is that business always has risk associated with it and there is always of the unknown. We have done a reasonably strong process of due diligence and our economic interest is as a percentage of the profit or a percentage of the revenues and there is always the landowners skin in the game to deal with any of these unknown or contingencies so we believe that we have padded up fairly robust business model but life unfold over times so I cannot tell you absolutely that nothing will never happen but we feel fairly comfortable that we have covered most basis.

Sameer Baisiwala: Okay great. Thank you so much.

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

Abhinav Sinha: Just quick question on the networth on a Q-o-Q basis am I missing something or there was some reduction which happened.

Sushil Kumar Modi: No Abhinav your point is right that is basically for the exit that we gave to Ivanhoe so that was treated as equity in the books but now as an investment and as we have given exit so to that extent you have to adjust that piece from the networth you then get the number.

Abhinav Sinha: Okay got it and second question also I think when do you mentioned about this 5% price increase in last nine months are there any significant differences among various micro market of the segments there.

Abhishek Lodha: Abhinav yes there is a variance over there the range is as wide as 3% to 9% and that is really a function of the stage of the development the competitive intensity and such other relevant factors what I can tell you is that the growth is across the board, but obviously there are project level there are differences in that.

Anubhav Sinha: Got it thank you that is it.

Moderator: Thank you. The next question is from the line of Venkat Samala from Tata AMC. Please go ahead.

Venkat Samala: Thank you for the opportunity. Abhishek just wanted your thoughts on the fact that in Q2 you did mentioned that net debt is expected to go down to 4 digits so if we were to exclude the capital of QIP and the utilization thereof so are we on track to meet that guidance or if there any change to that.

Abhishek Lodha: Venkat our guidance is at a corporate level and as we have already mentioned we will sort of brought our debt below 10000 Crores which was guided in addition to that you will have to recognize that the QIP money is something which is going towards investment so while it is held with us for an interim period of time it will keep getting invested over into new project so it is not debt reduction capital. So we cannot break it up at two different pieces in a manner that you may perhaps be looking at it we do expect to continue seeing significant reduction in debt on a quarter-on-quarter basis perhaps the number will be 700, 800 Crores on an average per quarter over the next four, five quarters.

Venkat Samala: Understood, that is alright the second question is actually about this JDA and the pipeline that you are seeing if you could give some more color because whatever you had guided for last maybe three, four quarters since listing you did mentioned about maybe undertaking two transaction in the quarter but if we look at the number of JDAs find obviously it is much higher than that so do you think the rate at which you are signing JDAs is that sustainable and the second question related to that you also spoke about maybe entering into Bangalore market which is earlier than envisaged so is that on the table maybe in FY2023.

Abhishek Lodha: In terms of the pace of singing the JDAs obviously we have raised the QIP subsequent to that initial guidance of two JDAs a quarter we were able to deploy the entire capital of 375 Crores that we raised in the IPO by early October and subsequently we have used the capital from the QIP to further do JDAs. As per our current guidance as I had mentioned earlier in this call we expect to invest about Rs.300 to Rs.400 Crores a quarter towards JDAs and it could be anywhere from three to four transactions a quarter. This does not have kind of a rhythm in one quarter you could get two in another quarter you could get five because there is all the factor of opportunity negotiation due diligence paper work everything have to come together but yes we do expect to add as I had mentioned earlier over the next five, six quarters a meaningful amount of JDAs as we deploy this QIP the capital that we have raised in this QIP, I am sorry what was your second question.

Venkat Samala: My related question to that was on Bangalore you did mentioned that you may be entering it a little earlier than envisaged so is that on cards for FY2023.

Abhishek Lodha: Yes, we are right now at a stage where we are continuing our exploration we are positive about what we are seeing on the ground we see the room for our business model to be successful there we see the gap in the market where we could play having said that there is still a part of our evaluation and learning process there is a likelihood that it will happen in fiscal 2023, but at this stage we are not at a point where we have made a commitment.

Venkat Samala: Thanks a lot and wish you all the best Abhishek.

Moderator: Thank you. The next question is from the line of Kunal Tayal from Bank of America. Please go ahead.

Kunal Tayal: Thank you. A couple of questions from my side, the first one is as you considered the next set of deal is in digital infrastructure are you also sensing any increase in the capital value of your Palava land that is one and then the second question I wanted to understand the impact of price increase on your JDA model so let us say you would have structured for an 18% profitability in the JDA model does the 5% increase in pricing mean that your profitability goes up to 20% or only a part of it will accrue to you. Thank you.

Abhishek Lodha: So in terms of the capital value of our land is in Palava as I was mentioning in response to a question from Sameer earlier we do expect that land values will improve as the ecosystem for digital infrastructure fructifies in Palava and that we already starting to see if you see land values two years ago vis-à-vis what land values are today you have already seen an uptake and we continue to see meaningful value creation going forward also as Sushil was mentioning there is an important benefit to the residential itself which cannot be only captured or measured in terms of land value so the overall value of the Palava ecosystem we expect to continue to strengthen on account of the digital infrastructure activities. In terms of the economics of the JDA ultimately different pieces are structured differently so for example where we have a 65% revenue share approximately 35% out of that 5% would then flow to us where we have for example a profit share arrangement of 18% or 20% profit share arrangement then we are only concerned with making sure that if 100 has become 105 on the revenue side then we will get 18% or 20% of the new number which is now 105 any surplus in excess of that would go to the landowner.

Kunal Tayal: Got that, thanks a lot.

Moderator: Thank you. The next question is from the line of Alpesh Thakkar from Antique Stock Broking. Please go ahead.

Alpesh Thakkar: Just one from my side, so from the level of around Rs.8000 Crores of presales that we are targeting this year where do we expect to go in next two years given such a strong pipeline of business development and launches that we have and also assuming that most of the things will remain like invested dynamics will remain constant as they are now with strong demand so what are our aspirations over the next two years.

Abhishek Lodha: Our guidance for the current fiscal is 9000 Crores of pre sales I just wanted to sort of make sure the number of the sales not 8000 it is 9000 in terms of our guidance for the next fiscal we are now in the process of working through it we will give a detailed update on that in the next quarterly presentation.

Alpesh Thakkar: Thanks a lot.

Moderator: Thank you. The next question is from the line of Ritesh Badjatya from Asian Markets Securities. Please go ahead.

Ritesh Badjatya: Thanks for the opportunity. In the last one year we have seen the massive increase in the prices across the white good across the pipes and fittings and all the things and this is the one of the swelling point by lot of the developers. So going ahead mainly as far as concerned the affordable category do you think offering such kind of the fitting products or branded white good product we are restocking and that way we are considering to reduce the cost do you see this can be a possibility.

Abhishek Lodha: Hi Ritesh if I understand your question correctly you are asking whether we would bundle white goods with our sales offering at this stage we do not really have any such scheme in place but we remain open to evaluating whatever the consumer wants but nothing at this stage.

Ritesh Badjatya: Sure sir thank you that his all.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today I would now like to hand the conference back to the management for closing comments.

Sushil Kumar Modi: Thank you everybody for attending this call and obviously in every discussions we also get some insight in terms of how do you all looking at our business and thereby the areas potentially that we need to work more and we continue to look forward to the similar set of conversations on and on, not only the conference call but otherwise. Thank you, thanks for attending.

Moderator: Thank you very much. On behalf of Antique Stock Broking we conclude today's conference. Thank you all for joining, you may now disconnect your lines.