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18th May 2024

The General Manager Dept. of Corporate Services **BSE Limited** P.J. Tower, Dalal Street, Mumbai – 400 001	The Vice-President **National Stock Exchange of India Limited** Exchange Plaza, Bandra Kurla Complex, Bandra(E), Mumbai – 400 051

Sub: Transcript of Earnings Call

Dear Sir/ Madam,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Earnings webcast.

Requisite details regarding the earnings webcast are as under:

S. No.	Particulars	Details
1	Date of Earnings Call	14th May 2024
2	List of management attendees	- Mr. Ashok Kumar Tyagi – Managing Director and Chief Financial Officer, DLF Limited - Mr. Sriram Khattar – Vice Chairman and Managing Director, Rental Business, DLF Limited - Mr. Aakash Ohri – Chief Business Officer and Joint Managing Director, DLF Home Developers Limited
3	Web-link of the Transcript	Q4-Transcript-18-05-24.pdf (dlf.in)

This is for your kind information and record please.

Thanking you,

Yours faithfully,
For **DLF Limited**

Ram Parkash Punjani
Digitally signed by Ram Parkash Punjani
Date: 2024.05.18 18:55:46 +05'30'

R. P. Punjani
Company Secretary

Encl.: As above

For Stock Exchange's clarifications, please contact: Mr. R. P. Punjani - 09810655115/ punjani-rp@dlf.in Mr. Amit Kumar Sinha - 09810988710/ sinha-amit@dlf.in

"DLF Limited
Q4 & FY '24 Earnings Conference Call"

May 14, 2024

MANAGEMENT: **MR. ASHOK TYAGI – MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER, DLF LIMITED**
MR. SRIRAM KHATTAR – VICE CHAIRMAN AND MANAGING DIRECTOR - RENTAL BUSINESS, DLF LIMITED
MR. AAKASH OHRI – CHIEF BUSINESS OFFICER AND JOINT MANAGING DIRECTOR – DLF HOME DEVELOPERS LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to DLF Limited Q4 FY'24 Earnings Conference Call. We have with us today on the call Mr. Ashok Tyagi – Managing Director and CFO, DLF Limited; Mr. Sriram Khattar – Vice Chairman and Managing Director, Rental Business; Mr. Aakash Ohri – Joint Managing Director and Chief Business Officer.

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 now hand the conference over to Mr. Ashok Tyagi. Thank you, and over to you, sir.

Ashok Tyagi: Okay. Thank you. Good afternoon, everyone. Welcome to DLF Limited's Analyst Call for the quarter and year ended March 31st 2024. As you may have seen from our analyst presentation that was circulated last evening, this has been one more quarter of reasonably solid and strong growth. Our pre-sales for the last year have again been in the vicinity of Rs. 15,000 crores, thus maintaining now two back-to-back years of Rs. 14,500 crores to Rs. 15,000 crores sales level.

Our PAT for the quarter was Rs. 900 crores and for the full year, the consolidated PAT is Rs. 2,700 crores, which again is a very strong number and I think the most heartening is that the free operating cash flow for the year is now running at about Rs. 4,300 crores for the last fiscal year and we are now very solidly in the positive cash territory and ended the last 31st March with a net positive cash balance of Rs. 1,500 crores plus, which hopefully should keep on growing. I mean, we are clearly looking at the existing markets, in terms of the depth that they have, which has surprised us extremely positively. The launches that Aakash has led have been successful almost now without fail and I think basis the strength of what we have achieved so far, we are clearly looking at a strong growth in the next fiscal and hopefully targeting a sales guidance of Rs. 17,000 crores for Fiscal 2024-25.

With the development business, the rental business has continued to have an extremely solid year all through. The total rentals for the last year have been Rs. 4,400 crores plus, which are stated to grow significantly this year. Our growth pipeline in terms of CAPEXs is very strong with the Downtown coming up in Gurugram, the next phase of Downtown in Chennai, and our joint venture with Hines, the Atrium place, all buildings are now in an advanced state of completion. Our debt to GAV is now down to 0.23, which is almost comparable to the industry's best. And our debt to NOI is also now almost at a 4 and stated to be stood at 4 level through the year.

So, all in all, both the residential and the commercial businesses have done extremely well and frankly, without taking too much of your time, I'll now open it up for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. To ask a question please click on the 'raise a hand' icon tab available on the toolbar or on the 'queue' tab available on your screen you may also post text question on 'ask a question' tab available on your screen. Kindly turn on your mike when the operator announces your name. For participants joining through the audio bridge, to ask a question you may press star and one on your touch tone telephone. If you wish to remove yourself from question queue, you may press star and 2. Participants are requested to use headsets while asking a question. Ladies and Gentlemen, we will wait for a moment till the question queue assembles.

The first question is from the line of Puneet Gulati from HSBC. Please go ahead.

Puneet Gulati: Yes, Thank you so much and congratulations on good collection run rate. My first question is actually with respect to that only. Out of the Rs. 2,100 crores of collection this quarter, how much of it is attributable to Chennai and how much do you think is a sustainable run rate on a quarterly basis?

Ashok Tyagi: Okay. So, the Chennai, I mean the total transaction value of Chennai was about Rs. 730 odd crores, and all of that got collected in this quarter. Total through the year, our collections net of the Chennai transaction were about Rs. 7600 odd crores. It was Rs. 8,300 crores including Chennai, about Rs. 7,600 crores excluding Chennai, which runs at about Rs. 1,900 odd crores per quarter. I mean, obviously, there will be spikes across quarters and we are frankly targeting for this number to grow by at least 15 odd percent on an ongoing basis for next year.

Puneet Gulati: Just 15% despite a huge sales launch pipeline?

Ashok Tyagi: So, if you look at, the Arbour had been launched in the previous year and Arbour collections came in now. I mean, the bulk of the first 35% Arbour collections have now come in. The subsequent collections will now come with stated construction milestones. Privana South and Privana West will have strong collections in the next fiscal. But please also appreciate the large chunk of our collection engines for the last 2 years was driven by the completed Camellias, which were all sold at a nine-month timeline and really as the Camellia's existing inventory is now winding down, that particular support will no longer be available. So, now really, I mean, in some sense, this year will be the first year where the new products launched in the last couple of years will be driving the entire collections mechanism.

Puneet Gulati: Understood, that's helpful. My second question is with respect to the recent land acquisition in Gurugram, which is the IREO project and that seems to have increased your land bank from 81 to 88 million square feet. How should one think about it? Why was there a need to buy it in this location and not get into some of the newer markets or allocate capital more towards Mumbai, for example? How should we think about the balance remaining land bank? Because you have a very- very large land bank in Gurugram already.

Ashok Tyagi: So, like Mumbai itself is split across 7 or 8 distinct sub-markets. The fact is today, Gurugram is no longer a single market. There are at least 3 or 4 distinct sub-markets or micro-markets in Gurugram, of which the golf course road is clearly one. The erstwhile DLF City was another. The new Gurgaon was third. I mean, frankly, Aakash has almost created the entire Privana market as a premium market to the classical new Gurugram market now and the golf course extension road was always a strong market where frankly, we did not have adequate land presence. We had only one project, which was Arbour which had been launched in March of 2023.

And that was a great success, which frankly led us to believe there was potentially a window of opportunity for us to get into if we could get the right land bank and this was a land bank which came to us through the lenders and it was, as you know, a takeover of a bank debt, which we did, along with the security which came with it and then obviously, we did a SARFAESI, etc. So, I think really, I mean, this land parcel today will cost us less than Rs. 2,500 rupees a square foot on saleable area for almost 7.5 million square feet and we believe that there is a, I mean, frankly, this is an extremely profitable venture. I mean, we have already put a GAV of about Rs. 20,000 crores on this right now and honestly, by the time all our approvals are done across the next year, I think hopefully the price point should be even stronger. So, this should actually prove to be a distinctly profitable product, which is addressing a micro market where we were not present.

Puneet Gulati: Understood, that's very helpful and lastly, if you can give in terms of timelines of completion for the Hines project, and what is the plan post then in terms of DCCDL acquiring that and the Downtown project?

Ashok Tyagi: The Downtown, you want to address, Sriram.

Sriram Khattar: So, let me start with the Hines project. It's called the Atrium Place. It is a 2.9 million development at this stage, spread in 4 towers. The towers start getting delivered by April, May next year, and go on till end of next year, beginning of FY'26. So, the first 3 towers are about 600,000 square feet each and the last tower is about a million square feet. As far as Downtown is concerned, it's, as you know, a very large multi-use development. Downtown 2 and 3 of about 1.6 - 1.7 million are already completed and running and rent yielding. Downtown 4 is expected to be delivered at the end of this year, early next year, which rentals starting in Q1 of the next year. That's about 2.1 million. The development of the phase 2 as we call it, which is the Mall of India at Gurugram and about 4.6 million square feet of offices has already commenced.

We have started the raft and ground preparation, etc., and the designs have been finalized. The drawings have been put for municipal approvals and we are in the process of shortlisting the contractors to do this. This has been quite an intensive planning exercise because it is an integrated development of in excess of 7 million, which has a reasonably strong component of infrastructure development around the 36-acre side and on the service lanes and lands around it.

There is a small phase called so-called phase 3, which is about a million square feet, which we will do after we complete phase 2 of 7.5 million.

Puneet Gulati: So, phase 2, you're saying for Downtown Gurugram should get completed by end of this year and for Chennai phase 1, when should that get completed as well?

Sriram Khattar: So, in Chennai, Downtown 1 and 2, the occupation certificate has come. As we speak, the tenants are doing their fit outs. They are in an advanced stage and most of the rentals should start coming in from next month onwards. As far as the third tower is concerned, which was with Standard Chartered Bank, that is going to be completed in July-August and that's about the time Standard Chartered will take it on for their fit-outs and we expect the rentals of that to start in the month of March 25.

Puneet Gulati: That's great and lastly, if you can tell us what was the exit rentals for FY'24 and your expectation of exit rentals for FY'25. That's all. Thank you so much.

Sriram Khattar: The exit rentals of FY'24 is Rs. 5,000 crores to Rs. 5,100 crores and the exit rentals for the next year is Rs. 5,900 crores to Rs. 6,000 crores. There is a major jump that will come up in rentals because of the completion of the certain towers in the two Downtowns and therefore the rentals will take a big bump up in FY'26. And these are on the books of DCCDL. These do not include the rentals that will kick in for the Hines joint venture on one side and the two shopping plazas and the malls totaling to about 1.2 million being developed in the books of DLF, which are in the Midtown, in phase 5 Gurugram and in Goa.

Puneet Gulati: Understood, that's very helpful. Thank you so much and All the best.

Moderator: Thankyou. The next question comes from the line of Parwez Kazi from Nuvama group. Please go ahead. Line from the Parwez Kazi has been on mute, may request you to unmute the line from your side and go ahead with the question. As there is no response, may I request you to move on to next participant.

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

Kunal Lakhan: Hey, am I audible?

Ashok Tyagi: Yes Sir.

Moderator: Yes Sir, please go ahead.

Kunal Lakhan: Just on the guidance side, right, I mean, of Rs. 17,000 crores for next year, I mean, if you exclude the Privana West sales already done, we are talking about an incremental Rs. 11,500 crores coming from, say, the residual new launches worth of Rs. 30,000 crores odd. So, I mean, that's almost like about 35% to 40% of sales from the new launches that you're expecting. Considering most of the projects that we have launched so far in the last couple of years, we have sold out of those projects. So, this 40% of sales or like the incremental launches getting 40 percent sold for the rest of the year, isn't that a little conservative?

Ashok Tyagi: So, Kunal, I think, your question is, I think, if I may say so, making the error of averaging. So, let's analyze the launches we are doing and then hand over to Aakash. We have Lux 5, which in some sense is like the biggest launch that will happen, and which will be a product comparable to or maybe better than the Camellias. Then we'll have the next phase of Privana coming in the later part of the year. We'll have the Villa launch in Goa and we'll have the Mumbai launch. So, clearly, I think the Privana, Goa and Mumbai launches should have very strong penetration of the total launch. Lux 5 being the kind of product that it will be, would obviously be a more strategic sale and really, Aakash, I will hand you over to how you plan to do that really.

Aakash Ohri: So, I was going to say that also. So, Lux 5 is a super luxury product, as you know and you have seen, and I am not saying that it's going to take the same time as Camellias did, because Camellias was the first of its kind in that uber luxury. So, we've done Aralia, Magnolias, but Camellias was a completely game changer. So, we did what we had to do and at that point of time, regulations, markets, a lot of things, there were tremendous amount of headwinds.

Having built on the Camellias story now, and which is now more plausible and where most of the people now have accepted, and then not only accepted, but endorsed this, is now the Lux 5. So, this is not a product that can be advertised to sell and this is not something that you will have because the price points are going to be reasonably high here per unit wise and therefore, it will take that much time to go through. So, yes, the first year will have a certain amount of sales. And then every year, with an incremental value, it will continue to go up and sell. The networks and the processes that we have set up over the years for Camellias are going to be used and that's how we are going to be going through it. Our teams on ground now are in place for all the launches. And, yes, I mean, we are not going to stop at 17 if that's your question. But you're right, over the past few years, you've seen a certain amount of sales velocity, and especially at launches, because we put in a lot of effort in launches and therefore, it will go on as we have mentioned. But we are not going to stop at 17. So, should the traction for a super luxury product get better, we know, again, I go back to the point of it being, the price points being at a certain value and above and therefore, should there be more traction, we are not going to hold back.

Ashok Tyagi: But obviously, the Lux 5 being the kind of product that it is, we'll have a certain price trajectory that we have in mind and the slight customer profile that we have in mind. And obviously, within those 2, I mean, if the total sales volume is higher than 17, you know we'll be the happiest.

Kunal Lakhan: Sure. A follow up to this is like, what are the timelines in terms of which quarters we plan to launch, say, Privana next phase, Goa, Mumbai, and then Lux 5?

Aakash Ohri: So, Q2, you will see a Goa and maybe some friends and family of Lux 5. I mean, Q2 is going to be that. Q3 is going to be the main Lux 5 launch. Q4 is going to be Mumbai. That's how we planned it. So, Goa will be Q2. And plus, some of the residual sales and all that, that's how we've structured it.

Ashok Tyagi: On Mumbai, Kunal, really, we have done all the reiki and the slum rehab, etc. So, we believe that by end of September, we should have the complete site, not only of the stuff that we are launching, but the 2 million square feet site completely cleared off, barricaded, access done, all approvals done. And after that, frankly, it's a question of really, when does Aakash and the local execution team sort of decide to get to the market. But given the fact that Q3, you may want to focus almost exclusively on the Lux 5 launch, Mumbai could either be towards the end of Q3 or early Q4.

Kunal Lakhan: Understood. My second question was on, if I look at the premium segment launches for the next year, and in fact, next few years, it's practically negligible. So, any conscious strategy there to focus more on luxury or take a backseat on the premium side?

Ashok Tyagi: So, again, one is that this time, we have tried to be slightly mathematical, that we have said anything which is more than Rs. 18,000, Rs. 19,000 a square foot, we have classified as luxury. I mean, because in our older slides, Privana used to be classified as premium. But the fact is if Aakash is getting a price point of Rs. 19,000 plus now, I mean, really, it is luxury like the City Floors. So, part of that is there. But obviously, some of the launches that may not happen immediately in the future but be it Tri-city or be it New Gurugram would eventually be in the premium thing of the say, the Rs. 10,000 to Rs. 15,000 a square foot price point. So, it's not a conscious choice, just that right now, we are focusing on this segment. Aakash?

Aakash Ohri: Also, it's we're focusing on the geographies that we spoke about, and they come with these price points. So, there is no conscious strategy to push back premium. It's just that in the pipeline that you refer for FY'25, are these products that are lined up, which are at a certain price and above, that's all. There is a, honestly, don't read anything beyond this.

Kunal Lakhan: Understood and just the last book-keeping question. In Privana West, how much would have been sales from NRIs?

Aakash Ohri: About 27% has been NRI sales in Privana West. We've been seeing a steady growth. As you know, we started mining the NRI base from before Arbour time and we have a certain process to do that. NRIs are one of the most strongest allies as far as DLF is concerned and, you know, we are not happy to tell you, we've not invented anything new. DLF, since its early inception days, has had a good NRI participation. It was only in after the 2010, when the markets collapsed, and there were delivery issues and all that, that the NRIs faded away for other projects and therefore, there was collateral damage also. But if you go historically and let me, make this very clear to everybody today, that the NRIs are not only a very strong support and have been over the last 3 decades for DLF, but also as far as payment structures are concerned, NRIs have always known to be holding property. They are not fly-by-the-night investors. They are not investors who just get into for smaller returns. Also, it doesn't make financial sense for them to do that.

So, these are people who are, some of them are ones who have visibility of coming back to India in 5 years. Most of them rent these out. Some in super luxury have kept them for their regular India travel. But I think this whole, invest in India, and especially invest in DLF with the NRI system has really worked and we are continuing to make sure that we are mining it well.

Kunal Lakhan: Sure. Thank you so much and all the best.

Moderator: The next question is from the line of Pritesh Sheth from Motilal Oswal. Please go ahead.

Pritesh Sheth: Thanks for taking my question. Firstly, just on Privana West, congrats on successful launch of second phase, just want to understand how different the demand characteristic was versus the First Phase. Even we had a little higher pricing. So, just your comment on that.

Aakash Ohri: So, Privana West, the qualitative nature of the demand this time has been extremely encouraging. Again, as I say, there is a reasonably big and good demand from the corporates, entrepreneurs, NRIs and doctors, lawyers and all. So, the demand has been good. Also, because, please understand, the positioning of Privana, what makes the project actually tick is you've got the product, which is very superior. I can now give you a comparison of what this product is going to be. It is the new Crest. So, for those of you who have seen and heard about the Crest, Crest is the benchmark for Gurugram today in the luxury category and not only in Gurugram, but I can also safely tell you that Crest is the benchmark for a lot of people who want to emulate it in their geographies. So, happy to today announce to you that this is going to be in the same genre. That is the product. Then, of course, the connectivity is super for Privana. So, whether it's the Mumbai Expressway, which is 5 minutes away, whether it is the Dwarka Expressway, which will take you to the airport in about 25 to 30 minutes, whether it is the Jaipur Expressway, the connections to Privana are probably the best Gurugram can have. Then you are near a 10,000-hectare of a green lung, which is now becoming the most important priority for a lot of people who want to breathe the freshest air in the morning. So, all this, plus the DLF lifestyle promise, plus the ecosystems that we build, has added to this particular demand. And I've been more than happy to share, the kind the customer mix that we've got today. It's very encouraging to see the kind of people who come in. Also, the youngsters, as I say, I am repeating it for the one last 1 year, I am seeing a very good shift, and that's where the base of real estate is increasing. I am seeing the 30 and above investing in our properties, and across the board. So, I think that's where the Privana West story is.

Pritesh Sheth: I mean, the number of cheques that you've got, where was the higher than the number of units and hence you have pulled forward the next phase to this year, because earlier we didn't see, that Privana launch happening this year. And are you looking at some higher, a little premium product in Privana now in the third phase? Because if I do some back of the envelope calculation, we are getting an average realization of somewhere around Rs. 24000 - 25,000. So, is my calculation, right?

Aakash Ohri: Again, let me first tell you that it was always part of, I don't think we've recalled it. It was always supposed to be towards the end and all that, that that's something which is part of the whole launch plan. I know it's not that much. I hope it becomes Rs. 24,000 - 25,000 soon. It will. But right now, I think, I don't want to speculate there, but definitely, it will be upwards of the Rs. 20,000, at least 10%-15% more than the Rs. 20,000 mark for sure. But again, I reiterate, please understand, where the demand is coming from. So, what Crest was to DLF5 is what the Privana is starting to become for their New Gurugram business. And why this is happening is also, if you see, American Express recently launched their biggest campus, which is again minutes away from where the Privana is. Air India set up the largest hub there. So, hopefully, other commercial investments are also going to be there. So, Privana is starting to become the new DLF. I call it the DLF-6, but it is the natural progression for what it is, because it's over 100 acres and more of contiguous land that we have. So, it's going to be one of the most prized possessions that people have and again, I repeat, that these are not just investors. Most of them, majority of them are people who are buying Privana for their end use. Also, because of the product being very homogeneous in terms of the sizes, the quality of people and the mix is going to be what is actually attracting the people to invest in it.

Pritesh Sheth: Sure and just one last on Lux 5. How are you going to strategize the inventory that you're bringing to the market? Will it be purely like invitation-based, starting certain customers like we did for Camellias? And how much of the sales is baked in, in this Rs. 17,000 crore guidance from Lux5? Or you wouldn't look at it that way?

Aakash Ohri: So, you're right, Lux 5 will be an invitational product as was Camellias. I don't think there, we'd like to dilute that at all. So, Lux 5 will have the same processes as Camellias was. And that is going to be by invitation, strictly by invitation. We will continue that whole process. We've got a very, very large network of people that we touch base all over the world in India. I am seeing the next demand of Camellias coming from Tier 2 cities, Kanpur, Kolkata, Bangalore, Ludhiana. These are the few sales that happened now. So, people are wanting, Bhubaneswar, people are wanting to now, if they have, if they spend some time in Delhi, people are genuinely now wanting to invest in this lifestyle of DLF5 and Super Luxury and Golf Links and these are fully serviced apartments and all. So, I see that demand coming from there. The networks of these people that we had presented to over the last 4, 5 years, we've got a very, very large base of people that we are going to be again reaching out to, which are already now with us, those databases. We don't need to go out. So, that's how we're going to be approaching, I think. Right now, we've kept about Rs. 3,500 crores in this Rs. 17,500 crores to start with. But again, please don't read beyond this. This is as per plan, as per how much we can reach out and do. But like you said, should a good portion of that be taken, we are ready for that as well. But again, we are not ready to compromise on Lux 5 pricing at all.

Ashok Tyagi: Or the quality of customers.

Aakash Ohri: Quality of customers is absolutely a priority. We've done that. We've shown it in the worst times. We've shown it at the time where everything was against us. Yet, we never compromised on any of our quality of customers. We will continue to do it with this little tailwind that we have.

Pritesh Sheth: Perfect, that pretty much helpful Aakash. Thank you and all the best to your team.

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

Abhinav Sinha: Hi, Firstly, on Privana again, when are we expecting the next phase? Is this the fourth quarter of the year?

Aakash Ohri: Yes, please. We are trying to bring it around that time.

Abhinav Sinha: Ok, and what are the delivery timelines we have on Arbour and Privana now? Is it 4 years, 5 years?

Aakash Ohri: As per our agreements are concerned, it is always 5. But again, we have set up very robust construction mechanisms and systems that if these things can be expedited, but these, they take that time.

Abhinav Sinha: Okay, Tyagi sir, just a question on the large cash and debt balance that we had at the end of the quarter. So, this is temporary or are we expecting some large payout?

Ashok Tyagi: So, okay. So, 2 things. If you look at the total cash balance that we have, it's about Rs. 6,000 crores, of which Rs. 4,000 crores is escrowed in the RERA 70% accounts. So, those can be used only for construction and approval really and for little else. So, practically, while we have a Rs. 6,000 crores cash balance, Rs. 4,000 crores is in the 70% RERA account, which is not accessible for general business purposes. Yes, the balance Rs. 2,000 crores, we believe, is maybe at least Rs. 750 crores to Rs. 1,000 crores higher than what we would like it to be. So, I think we would want to eventually have that number stabilized around Rs. 1,000 crores. So, I think that's a correction that you will see across the next 2 quarters. And hopefully, hence, that will also result while having now won the net debt war, the next focus is to win the gross debt war and also get the gross debt down to as near zero as possible. And for that, obviously, we can't control the RERA cash, but we can definitely control and be far more efficient in terms of the non-RERA cash. And the reason we obviously need to keep some non-RERA cash or at least non-RERA lines in terms of NCD lines, etc., is that when you have stuff like a land opportunity or something, then unfortunately, you can't use your bank borrowings for it, etc., because all of them come into prohibited uses. So, really, about Rs. 1,000 crores, we believe, is the number that we should maintain, which is pre-unencumbered cash. But beyond that, really, we don't need to see. Yes, we are slightly excess right now, which we will correct.

Abhinav Sinha: Ok thank you, Sir, on RERA cash, can we use that to raise, say, debt elsewhere or does it work like that?

Ashok Tyagi: So, honestly, Abhinav, that is in the very, very dark grey zone and we have not been tempted to do that. So, what we do is that we put that money in FDs. So, yes, so while our debt raise is, I mean, the gross debt is about, say, 8.25%, 8.3%, the RERA FDs are setting us about a north of 7% in return. So, the negative arbitrage is about 100-125 basis points. But beyond FDs, we haven't really done anything more adventurous with the RERA cash and neither should we.

Abhinav Sinha: Ok, Sir, on DCCDL, and I think last quarter we were mentioning that we are initiating the next round of transfers of the assets from DLF. So, on this, are we decided on Atrium? I mean, is it like a transfer mechanism or we are still looking to sell when it is on DLF balance sheet?

Ashok Tyagi: On the Atrium, I will tell you, Atrium, as Sriram said, is about 18-odd months away from completion and rent stabilization. Frankly, on Atrium, specifically, it will depend on 2 things. (A) the 33% shareholder there, which is Hines and its LPs, what are their exit plans? And (B) obviously, what does Cyber City and its minority shareholder GIC want? It's a great asset to be acquired. But frankly, I think we will cross their bridge once we come to it 18-24 months down the line. Sriram?

Sriram Khattar: Yes, absolutely. I think the way to look at it is that Hines joint venture is 33% held by them and it really depends on what they would like to do. But having said that, I do not foresee DLF being a seller of that asset. So, either we will continue and they may want to give it to a third party on which of course, we have our majority rights, etc. And we will cross that bridge when we come to it, which should be not less than 2 years from now.

Abhinav Sinha: Ok, But does that mean that we are leasing it out now, right? We are not selling it?

Sriram Khattar: No, we are going to lease it out. We are definitely not selling it. In fact, leasing has commenced in the last quarter. We have already leased out about 250,000 square feet. And during the course of this year, the momentum will be far higher than that.

Abhinav Sinha: At about same 140, 150?

Sriram Khattar: Slightly higher than that.

Abhinav Sinha: Slightly higher than that. Okay, excellent. And sir, lastly, on your presentation mentions double digit PAT growth and I am assuming this is for the next few years. But just in FY25, which projects from top line perspective can contribute here?

Sriram Khattar: So, you're talking about the rental business or the offices?

Abhinav Sinha: The DevCo, the development.

Ashok Tyagi: So, the DevCo, as you know, that our profits are driven by projects which were sold 4 years back, and whose possession is being handed over now. So, frankly, next year, again, in the fiscal

24-25, the profits will still be driven by the possession letters being handed over for the residual Camellias, for a large chunk of the independent flows which were launched, around 2021 onwards, and some other projects. Those will be the primary drivers of this. And obviously, the rental business will continue growing its rental portfolio and hence their PAT will continue growing. But we are fairly confident, Abhinav, of a double-digit growth impact.

Abhinav Sinha: Thanks and all the best to your team.

Moderator: Thank you. The next question is from the line of Samar Sarda from Axis Capital. Please go ahead.

Samar Sarda: Thanks, First of all, congratulations to everybody, Rs. 2800 crores to Rs. 4300 crores of OCF growth in a year is good. And I also see a couple of sides of improvement on transparencies and disclosures that goes a long way. I had 3 queries.

One, Tyagi ji, you mentioned like we have roughly Rs. 4000 crores of cash in the RERA accounts, probably Rs. 1,000 odd crores or Rs. 750 odd crores might be released every year. And out of the Rs. 2,000 crores of free cash, we have another Rs. 1,000 odd crores which we can possibly deploy. Now, our tone has been improving, like we've been a little more bullish in the last few quarters with sales improving and the market is buoyant. So, you you've entered Mumbai, you've like seen the market for the last 4 years. From an investment, perspective, the sight is clear. But wouldn't it be a good opportunity to invest into the market for newer projects right now versus waiting for the launch of your first project and then evaluating projects for investment? That was my first question.

Ashok Tyagi: So, Samar, in all fairness, since the launch is now barely 6 months away, if we see a new project, it will take at least six months. So, frankly, let's just look at how this is. I mean, in all fairness, that project, while we had sort of in a public disclosure mentioned 2 million odd square feet as the phase 1, I mean, potentially that project has an eventual potential of almost 4.5 million to 5 million if they're joining rehabs and all continue on track. So, that itself can be a significant micro, a significant project over time. But again, let's do the first 1 million, see how it goes, and then keep on doing step by step. But at some stage, obviously, I mean, we have always said that Mumbai, maybe Noida, these are the couple of geographies where we would love to sort of expand our footprint if we can get the right parcels.

Aakash Ohri: Samar, if I can just come in, Aakash here. So, this is just the beginning for Mumbai. So, to your point, also, I think we are not going to stop here. It's just that, sometimes you're coming into a completely new territory, I think, you know, as a company, we've always been cautious. But doesn't mean that if something good comes by tomorrow, we are not going to look at it. But I think right now, we are coming into Mumbai, we've worked hard to at least understand how those systems work there. And I think we have our in our, let's say sales processes, we have a certain way of doing it, I think, Mumbai is completely different from those things. So, we still have to adapt to all of that. But if there are good parcels and good opportunities, as a company, we will look into it.

Ashok Tyagi: And Samar, I mean, I am sorry to belabor this point. But please understand while this hopefully will be a good experience for us, the Mumbai project, I mean, we still are sort of, I mean, in that sense, fighting the other Mumbai battle on our earlier JV and that, as you know, hasn't turned out to be a pleasant experience. So, I think, we also need to resolve that over time.

Samar Sarda: And just like before going to Gurugram, like in your core market, other than phase 5, you've been like, usually selling out at launch. So, Mumbai is a little different market, I understand, you were doing 2.5 BHKs, probably 3, 3.5 BHKs, much smaller units versus like what you're offering in Gurugram in Mumbai. But for your first launch, would you be like looking to pre-sell at launch or like sell like what others do in market that sell 55%-60% at launch and then over a period of time?

Aakash Ohri: So, for us as far as how we operate as you've seen us also, we would like to do as much as we can during launch and then of course take up and whatever inventory that we consciously choose to keep that will be at incremental values for sure. But again, as I said, I don't want to comment on Mumbai till we actually launch. We will take about at least a quarter to kind of get to mining and everything else. But yes, I mean how we kind of operate will be at launch maximum and then should we have anything left that will be done at incremental values.

Samar Sarda: And if I may ask one more, this is particularly on Gurugram, like we've seen pricing of like Aralias in the secondary market go from what Rs. 7 - 9 crores to right up to Rs. 35 crores and Rs. 40 crores now. Camellias of course has gone up beyond Rs. 60 crores. In the last 2 years, especially FY23, FY24, we've done round about Rs. 13,000 crores in Gurugram plus/minus, the Company. This year probably if Privana like the next phase is sold out and assuming like some sales in Lux 5 will probably end up doing Rs. 15,000 to Rs. 16,000 crores in Gurugram itself. How do we build confidence that this number could go to like Rs. 17,000 crores to Rs. 20,000 crores in Gurugram in this cycle in the next 2 years? Like what are the catalysts for that? Like how could investors build a little more confidence around that?

Ashok Tyagi: One thing. So, I will tell you, the problem, Samar, and I am sorry for being slightly, you sit in Mumbai and frankly, you guys don't understand markets beyond Mumbai with due respect. Gurugram today is a market which is as deep possibly, not the size but in terms of depth as Mumbai. It has 4 or 5 distinct micro markets. Frankly, if we want, I mean Gurugram is a market which can possibly absorb a number which is significantly higher than the Rs. 15,000 crores to Rs. 16,000 crores that we are offering. So, please at least in this cycle, we should not be worried about the depth of the Gurugram market. When the cycle crashes, it will crash in Mumbai and as well as Gurugram unfortunately. But as long as the cycle is upside, I mean the last thing we should be worried about is the depth of the Gurugram market.

Samar Sarda: Tyagi ji, we are actually trying to understand how much we can grow.

Ashok Tyagi: Whatever we execute, we will grow that much.

Aakash Ohri: It is an infinite growth. You see one thing; I will tell you. Since you've said it, let me just say how many of us believe that the ROG story today will be Rs. 20,000. When I got into this market, I will be very honest with you, even some of you were talking about Rs. 14,000, some said it shouldn't be more than Rs. 12,500 and all that. But again, our customers today are also very well informed as long as you have build an ecosystem. Today what has happened is the residential real estate to answer your question has become a priority for post-COVID. Most of the people, in fact, all age groups, I am saying this again, 30 and above 40 and above people, earlier, you would buy good real estate only after maybe 45 years of age. Today, I am seeing that change in a big way and therefore that huge set of customers have come into the system.

So, today, what I am seeing is a change in pattern of young investors wanting to invest in residential real estate, okay? So, today, if you see, and as investments are growing, newer markets are coming up. So, like Mumbai, you've got so many, large segments of investments across Mumbai, so is Gurugram is what Mr. Tyagi was saying. Four very distinct markets have emerged, which is the whole Privana ecosystem, that's one, which is, I think it can carry on for the next 5 years. One of you asked about this project of the one that we just acquired on Golf Course extension, which actually is an actual extension of the golf course road. So, that is, again, something that we have worked so hard, this entire ecosystem of the DLF Golf Course road, Raghavendra Marg, that's just, one ends and the other begins.

Then, of course, is the super luxury DLF 5. You yourself have put about Rs. 1,30,000 crores worth of future developments just in DLF 5 alone. Then you've got erstwhile phase 1, 2, 3, 4, also where the people are coming from. So, today, Gurugram has become the preferred choice for people returning, whether NRIs returning, whether corporates, whether business families, the best of schools are in Gurugram, the best of leisure, the best golf course in the country is in Gurugram. The best restaurants today have moved to Gurugram. So, please understand where this trend is coming from. I think that the residential piece or the depth that you are talking about is last in queue of all that's already happening.

So, there's a huge change in Gurugram and let me invite you all for at least a 2–3 day trip here so that I think that we can build more confidence first in you all and then we will address the customers later.

Ashok Tyagi: But don't worry, Samar, there is enough depth here. At one time, we used to think, it won't go beyond Rs. 5000 crore. We are already now in the mid-teens, and we are not the only player in town. There are other players also in town, both listed and unlisted, who are doing their own sales. So, I think the market is showing enough legs, at least for now.

Aakash Ohri: And also, infrastructurally, if you see what has happened in Gurugram today in the last 2-3 years, if you see the New Gurgaon, the expressways that I talked about, this bullet train that is coming from Ahmedabad to Gurugram in 3.5 hours, all of these things are being announced and being worked on ground. So, if you see, there is, it is actually, going to give Mumbai a run for its money. I mean, it's a conscious, it's an informed choice that the customers are taking to invest in Gurugram.

Samar Sarda: That's fair. Thanks for this. And just one last small data query. You've conservatively guided for sales for FY25 and even for collections growth. Given that we do collect heavy at our launches as well as during construction, it is safe to assume that despite adjusting for Chennai collections, the land sale collections, we will grow beyond Rs. 4,300 crores for FY25 as well?

Ashok Tyagi: Yes, that's a very fair assumption, sir.

Samar Sarda: Thank you all , and all the best for FY 24-25.

Moderator: So, the next question is a text question from the line of Raghav Agarwal, who is an investor. Will your margins sustain at current levels and is there any scope of margin expansion?

Ashok Tyagi: Ok, So, Raghav ji, basically, the margins, frankly, with the launch of Lux 5 will only expand, that is very clear. In fact, as we have always guided that our current margins are in the range of the late 30s to 40s. And I think post Lux 5, our weighted average margins will clearly be in the mid to late 40s as a combined percentage. And I think that that's where we are. Our reported financial results will broadly be on the lines of where they were this year, because they again are reflecting the sales and sales done 4 years, 5 years back, and the positions happening now. But in terms of the margins embedded in the pre-sale, I think we are clearly talking of the mid-40s now.

Moderator: Thanks, the next question is from the line of Parvez Kazi from Nuvama Group. Please go ahead.

Parvez Kazi: Hi, Good Afternoon, Sorry, I got dropped off earlier. So, 2 questions from my side, sir. First, when we look at our launch pipeline, either for FY25 or even beyond, a bulk of it is related to the luxury segment. And now my question is regarding more the absolute ticket size rather than pricing, do we have any thought process of looking at projects, let's say in the premium segment, let's say somewhere within Rs. 3 crores to Rs. 5 crores. And by that, I mean apartments and not independent floors, which we had launched. So, do we have any thought process towards that segment in Gurugram or even outside?

Ashok Tyagi: So, at least Parvez, the market that we are operating in, which is the golf course, potentially the golf course extension and the current Privana, and maybe a couple of other high rises that will come in the DLF city area, frankly, these will definitely be in the Rs. 5 crore plus. I mean, I think none of them will be less than Rs. 7 - 8 crores really. So, you're right. But at some stage, I think there will be opportunities in the New Gurgaon area, where potentially you could have apartments in the Rs. 5 crore range, I mean, high rise apartments. I mean, let's see how that market evolves. But you're right. I mean, we have a bias towards the sort of, you know, what you call luxury, but which clearly, I mean, high rise apartments in that price point. And we believe there's enough depth in the market, at least for the level that we are talking about, for it to be absorbed. And frankly, if we have to deploy our bandwidth, we'd rather deploy it there where the margins. Similarly, in Delhi, Delhi again will be One Midtown, now the 4-bedroom is again in the same price point.

Akaash Ohri: They are upwards of Rs. 8 crores.

Parvez Kazi: Sir, my second question was regarding One Midtown. When can we see the next phase getting launched? I am not talking about the existing inventory, but when can the next phase get launched?

Aakash Ohri: Next phase as in the new launches?

Parvez Kazi: Yes.

Ashok Tyagi: So, we as you know, after One Midtown is complete, we have a 7 million square feet potential development, which I think once we have delivered One Midtown, we will be anyway in the pre-design phase of it. Let's see. But I think that maybe I'd say 18 months away from a launch standpoint.

Parvez Kazi: And lastly, just wanted to get our thoughts on we had applied for some denotification of SEZs. So, what is the progress there? And how do we see the roadmap?

Ashok Tyagi: Denotification of SEZs.

Sriram Khattar: So, the denotification of SEZs happened some time ago, but there was a difference in the government on the way the duty which was saved by the developers at the time of construction had to be cloud backed. Fortunately, for that, the Ministry of the Department of Revenue and the Ministry of Finance issued the clarifications about a month back. And now it should gather pace. As far as the DLF SEZ portfolio is concerned, we were able to get the in-principal Board of Approvals in the Ministry of Commerce for certain areas in the SEZ in Gurugram and the Silokhera SEZ for which now the duty has been assessed by the customs officers. We are in the process of paying for it in the next 3-4 days. And then these floors will be available to us for leasing. This is about 800,000-900,000 square feet.

The proposals for the Chennai SEZ, Hyderabad SEZ and Kolkata SEZ have been submitted, but the Board of Approval has said that you first pay the duties before you come back to us. We are in the process of getting those assessed and we should complete that in the next 10-15 days and apply for denotification of floors there also. The good news is that some of the floors in Chennai and some of the floors in SEZs in Gurugram have been leased in the March quarter subject to the denotification coming. So, as soon as these denotifications come, we will hand it over to the tenants for their fit outs. The leasing teams are in the market to lease the balance of the floors.

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

Puneet Gulati: My first question is on this launch pipeline of 33,000 for luxury segment. Is it possible to break it between, luxury 5 you said is Rs. 3500 crores. How much would be others if you can break it between the segments and Mumbai?

Ashok Tyagi: So, Puneet, this is the launch pipeline. So, the Rs. 3,500 crores is the indicative sales for the year on Lux 5. The launch pipeline is a multiple of that. So, all I say is that this is a combination of the Lux 5 launch and the select phase, the next 2 phases of the Privana launch and a couple of other launches that we are looking at. But obviously, this is a constantly evolving pipeline, in that sense. Hopefully, if 12 months from now we launch sector 61, that itself will add a significant chunk to this pipeline. So, this is a pipeline which is constantly evolving. And obviously, it keeps on getting utilized by the sales that are done. But the new launches keep on adding to the pipeline. Privana is overall about 17 odd million square feet development of which only the first 7 million have been launched so far.

Puneet Gulati: So, out of the 33,385, roughly, can we assume Rs. 11,000 - Rs. 12,000 crores coming from Privana, Rs. 7,000 crores maybe coming from Lux 5 and then Mumbai if you can give a similar number?

Ashok Tyagi: So, Mumbai, this particular launch is a number between Rs. 2,000 crores - Rs. 2,500 crores as you know. So, we will not be able to give a breakup, but Lux 5, the total launch pipeline for Lux 5 will be a number almost approaching Rs. 20,000 crores or maybe higher.

Puneet Gulati: So, Rs. 27,000 crores for Lux 5, you said?

Ashok Tyagi: Yes.

Puneet Gulati: Out of Rs. 33,000 crores, Rs. 20,000 crores is Lux 5.

Ashok Tyagi: No, not out of Rs. 33,000 crores. Rs. 33,000 crores have the next phases of the Privana. Above that, more will be coming later. This is what we have right now planned for. There's obviously more phases which are not being planned for right now.

Puneet Gulati: No, sure. Just a breakup of plan which I am trying to understand.

Aakash Ohri: Puneet, I will just qualify that Lux 5 statement. Lux 5 is closer to Rs. 30,000 crores, just Lux 5.

Puneet Gulati: Yes and in this, how much is Lux 5 is what I am keen to know?

Aakash Ohri: This right now is just Rs. 3,500 crores. But again, as Mr. Tyagi is saying, this is a launch pipeline. Sometimes it adds to it.

Ashok Tyagi: Puneet, don't get into micro analytics of this number, but don't get into micro analytics. These are directional indicative numbers.

Puneet Gulati: Secondly, if you can give some color on how are you thinking about pricing appreciation in the Gurugram market? And if you're keen also to enter the Dwarka Expressway market, where you are not there so far.

Aakash Ohri: So, I will answer the second question first. No, not at this point in time, Dwarka Expressway, because we've got a lot of our land to monetize. And as you all started today by talking about this new golf course extension development, as far as pricing is concerned, I think one thing that you have to please understand that we have always come out with very responsible pricing. Even during the Privana or other stories, Dwarka Expressway and all those prices were going ballistic. And as you see the major correction that has happened now. So, I don't think we are going to go into a market with the expectation of milking it on the first day. We are not that kind of a Company. We like to build legacies. We like to build a price appreciation story, which where we want it has to be an inclusive growth story where the customer has to benefit first. And that is what we've been known for over the last seven decades, we've always kept a lot of money on the table. So, there is a price appreciation model. I will go back to saying that Gurugram is the preferred destination for residential sales in the country today. And there is a price appreciation model that we'd like to keep. We've demonstrated it in Privana and in 4 months, we've taken it up by Rs. 50 lakh rupees a unit almost. So, you will see that continuously happening. You will also see price appreciations, good price appreciations in the super lux launch between what the earlier Magnolia was to the new Lux 5. It will not compare immediately with Camellias, but I am sure it will overtake Camellias in no time. You will see a price increase there as well.

And therefore, whether it is the floors or anything else that we have done, there will be in every zone that we are doing, you will see a 3 to 5 year price escalation in system and in terms of revenues will go up for our existing customers who kind of bought into us during launch and all, and the sustainability will continue to go up. We are demonstrating it right now. I am not even talking about the future.

Moderator: Understood, Thank you, that’s helpful and all the best.

Moderator: Thank you. Ladies and gentlemen, that was the last question for the day. As there are no further questions from the participants, I now hand the conference over to Mr. Ashok Tyagi for closing comments.

Ashok Tyagi: So, thank you everybody for coming across for our call. Hopefully, we have been able to address most of your queries. In case there are some unaddressed queries or details, please write to Kuldeep and he will organize the requisite answers. Last few quarters have been very encouraging on residential and commercial, both segments. And we hope that the overall macro winds continue to be positive for the industry as a whole and for us. And we'll continue driving both the engines, the commercial engine, and the residential engine, hopefully to stronger growth. Thank you.

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