

# DLF LIMITED

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27<sup>th</sup> July 2023

The General Manager Dept. of Corporate Services <b>BSE Limited</b> P.J. Tower, Dalal Street, Mumbai – 400 001	The Vice-President <b>National Stock Exchange of India Limited</b> Exchange Plaza, Bandra Kurla Complex, Bandra(E), Mumbai – 400 051
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## 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	24 <sup>th</sup> July 2023
2	List of management attendees	<ul style="list-style-type: none"><li>- Mr. Ashok Kumar Tyagi – Chief Executive Officer &amp; Whole-time Director, DLF Limited</li><li>- Mr. Vivek Anand – Group Chief Financial Officer, DLF Limited</li><li>- Mr. Sriram Khattar – Managing Director, Rental Business</li><li>- Mr. Aakash Ohri – Chief Business Officer &amp; Group Executive Director</li></ul>
3	Web-link of the Transcript	<a href="https://www.dlf.in/qu-result/Transcript_July_2023.pdf">https://www.dlf.in/qu-result/Transcript_July_2023.pdf</a>

This is for your kind information and record please.

Thanking you,

Yours faithfully,  
For **DLF Limited**

**R. P. Punjani**  
**Company Secretary**

Encl.: As above

For Stock Exchange's clarifications, please contact: Mr. R. P. Punjani - 09810655115/ <a href="mailto:punjani-rp@dlf.in">punjani-rp@dlf.in</a> Mr. Amit Kumar Sinha - 09810988710/ <a href="mailto:sinha-amit@dlf.in">sinha-amit@dlf.in</a>
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“DLF Limited  
Q1FY'24 Earnings Conference Call”  
July 24, 2023



**MANAGEMENT:**

**MR. ASHOK TYAGI – CHIEF EXECUTIVE OFFICER AND WHOLE TIME  
DIRECTOR – DLF LIMITED**  
**MR. VIVEK ANAND – GROUP CHIEF FINANCIAL OFFICER – DLF LIMITED**  
**MR. SRIRAM KHATTAR – MANAGING DIRECTOR, RENTAL BUSINESS**  
**MR. AAKASH OHRI – CHIEF BUSINESS OFFICER AND GROUP EXECUTIVE  
DIRECTOR**

**Moderator:**

Ladies and gentlemen, good day, and welcome to DLF Limited Q1 FY '24 Earnings Conference Call. We have with us today on the call Mr. Ashok Tyagi, Whole-Time Director and CEO, DLF Limited, Mr. Vivek Anand, Group CFO, Mr. Sriram Khattar, MD, Rental Business, and Mr. Aakash Ohri, Chief Business Officer and Group Executive Director.

At this moment all participants are in listen-only mode. A question-and-answer session will be conducted towards the end of the session. At that time, you may click on the raise hand icon from the toolbar or type your questions. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vivek Anand. Thank you, and over to you, sir.

**Vivek Anand:**

Thank you, Aman. Good evening, and welcome to DLF Limited Quarter 1 Financial Year 24 Earnings Webcast. First of all, I'd like to thank all of you for joining us today. We are happy to announce that our business continues to deliver sustained performance across all key parameters. We will start with the highlights of the business, financial highlights for quarter 1 financial year '24 DLF Limited consolidated results.

The revenues stood at INR1,522 crores, gross margin at 52%, EBITDA at INR495 crores, net profit at INR528 crores, reflecting year-on-year growth of 12%. New sales booking for the quarter stood at INR2,040 crores, in line with our guidance. Our launch inventory across market continues to witness healthy traction from our customers. We remain optimistic about the demand for housing as the cycle continues to remain positive. We are gearing-up for bringing new product across the markets during the fiscal. We believe that macro tailwinds, along with the strong demand outlook augur well for our business.

In line with our stated strategy of entering new markets, we have announced our arrangement with Trident Buildtech Private Limited to jointly develop a residential project in Mumbai. This is an SRA project, which is currently being developed by a subsidiary of Trident. We will be developing the first phase of the free sale area totalling approximately 9 lakh square feet of saleable area. This will be a pilot project to understand the market dynamics and apply these learnings to see how best we can plan our expansion strategy in this market.

We continue to focus on strengthening our balance sheet and cash generation. Strong collections led to a further reduction in net debt during the quarter. Consequently, our net debt now stands reduced to the lowest ever at INR57 crores. With these low levels of debt, we have almost achieved our commitment of being net zero and hopefully should end the year with a surplus cash position.

I'll now move to the financial highlights for quarter 1 financial year '24 DLF Cyber City Developers Limited consolidated results. Rental income grew to INR1,047 crores, year-on-year growth of 13%. Consolidated revenue of INR1,412 crores, reflecting a 12% year-on-year growth. EBITDA at INR1,088 crores, year-on-year growth of 13%. And net profit at INR391 crores, reflecting year-on-year growth of 21%. The office portfolio maintained its stability, while the retail business continues to follow an upward growth trajectory. Quarter 1 financial year '24

consolidated revenue of DLF Cyber City Developers Limited stood at INR1,412 crores, reflecting year-on-year growth of 12%. Consolidated profit for the quarter stood at INR391 crores, year-on-year growth of 21%. We are experiencing strong demand for our new office developments. We have achieved pre-leasing of approximately 82% across our two new office complexes, DLF Downtown in Gurugram and DLF Chennai. We remain enthused about the growth prospect of our retail business and remain committed towards expanding our retail offerings in multiple markets.

Our rental business has been conferred as the world leader in LEED Zero Water. We hold over 45 LEED Zero Certifications by the US Green Building Council, the highest in the world for any real estate developer. The residential project developed by the company, The Crest, has been voted as the Project of the Year by US Green Building Council, which recognizes projects, developers and builders that have demonstrated leadership in the residential green building marketplace.

Green homes play a pivotal role in reducing our environment footprint, fostering a sustainable and responsible way of life. These awards are a testament of our leadership approach towards sustainability and adoption of green building practices. With a strong pipeline of new launches planned for this fiscal and a strong rental portfolio, we remain confident of delivering consistent and profitable growth across our businesses.

With this, I'll end here, and we can now open the floor for the Q&A session. Thank you.

**Moderator:**

Thank you very much. We will now begin Question and Answers sessions. To ask a question please click on the raise hand button on the tool bar or the Q&A tab and click raise hand. The operator will announce your name when it is your turn to ask the questions. Please unmute your webcam and microphone while proceeding with your questions. You may also send the Question via text from the Q&A Tab. Participants connected on the audio may click \* and 1 on your phone to ask a question. Ladies and gentlemen, we wait for a moment while the question queue assembles. The first question is from the line of Pritesh Sheth from Motilal Oswal. Please go ahead.

**Pritesh Sheth:**

Thanks for taking my question. First is -- again, on Mumbai, you mentioned 0.9 million square feet of saleable area. What would be the GDV potential, your launch plans, your initial investment into that subsidiary? If you can just provide some details and whether that project itself has further expansion possibility? And if yes, then how much it would be? Yes, that would be my first question.

**Ashok Tyagi:**

So, okay. So, coming to the Mumbai project, I mean, in fact, I'll use this opportunity to give slightly greater colour to the entire project. This is a part of a bigger slum rehab scheme. And we anticipate once the entire process is complete, the total saleable area, I mean, I know in Mumbai we use RERA carpet but for us saleable area should be in the range of between 3 million square feet to 3.5 million square feet in the -- under the LOI, which is currently under development.

Now learning from our experience in Mumbai so far, the first phase that has been launched, what we are doing is that basis the slum rehab that has been completed so far, about a 900,000 square feet saleable area is what sort of consummated or very near consummation. So, we are transferring that cleanly into a new entity where we'll hold 51:49, and we'll launch this. The total project on which we are taking a 51% stake will be in the range of, as I mentioned, 3 million square feet to 3.5 million square feet. Plus, there are some adjoining expansion opportunities also that exist. But right now, that is the broad indication.

From an investment standpoint, we anticipate that the total equity, quasi equity or equity equivalents that we'll end-up investing in this project should be about INR400-odd crores. There may be some additional working capital advances, but I think the equity piece of it should be ballpark in the range of INR400 crores for the entire project in that sense, not just for this sliver of 900,000 square feet, which we have disclosed about. We will, at some stage, take equity in the parent company also, but there are some internal restructuring going around in that group, and we'll be able to sort of take an equity position only post those have been completed.

**Pritesh Sheth:** Sure, sure. That's helpful. And just to clarify again, so we had the SRA development right? Or...

**Ashok Tyagi:** No. We did not have the SRAs. The SRA was owned by an entity called Sahyog, which is a wholly-owned subsidiary of a North Indian developer called Trident. So, they had the SRA. We had no SRA. We have entered into this project because we did a lot of recce and we realized that this particular project, a) was offering almost 3 million square feet plus in the heart of Andheri; and b) I think the SRA progress was relatively better than what one normally sees in the early stage of SRAs in most other projects.

**Pritesh Sheth:** Sure, sure. All the best for that, and welcome back to Mumbai. My second question is on the increased vacancy that we have seen in the commercial portfolio largely on the SEZ side. So, any particular tenant, obviously -- I mean, whoever is left has any further space to be vacated and how do we see this trend going forward? And when do we expect that improvement to come? And I think non-SEZ has been doing well. We have shown that in our pre-leasing portfolio as well. But just your comments on SEZ portfolio.

**Sriram Khattar:** So, in Q1, there has been a large tenant of about 0.5 million square feet, which vacated in Cyber City, Chennai. And because of that, the vacancy has temporarily gone up, and it's a minor blip. I'm pleased to share with all of you that we have negotiated to lease that entire building of about 0.5 million square feet to a strong American company.

As we speak, whilst the negotiations and handshakes are over, the paperwork is going on to give it on lease. Their lease starts from October 1, and therefore, there is a temporary blip in the revenue earning, but it will pick-up very quickly.

Overall, the SEZ market has been a little weak. We have had the existing tenants take up space. Fortunately, for us, the vacancy has not increased because of that. And we are quite hopeful that the Ministry of Commerce and the Department of Revenue and the Ministry of Finance are in the final stages of issuing a gazette notification for floor-wise denotification for the IT-ITeS SEZ. Once that happens, I think the take-up will pick-up quite well.

- Pritesh Sheth:** Sure, sure. And one last question to Vivek. We have now around INR3,000 crores of cash in our balance sheet, where we will generate another INR2,500 crores, INR3,000 crores this year -- rest of the year, what are our allocation plan? Do we expect some -- should we expect some dividend payments this year, which should be higher than our usual payouts?
- Vivek Anand:** So, hi Pritesh, I think my response will always be the same that yes, this extra cash, whatever we are generating, our first priority is to put it behind growth. So, we'll continue with that priority. And secondly, we'll continue to reward the shareholders as we've done this year.
- Pritesh Sheth:** Sure. Any specific growth plans you want to highlight, or it would be like.
- Vivek Anand:** So, it is like, for example, we talked about -- very recently, we talked about entering a new market. So, it is something which we are always exploring and evolving, right? So, there is nothing for me to specifically call out, but this is a continuous process, which we really go through. So as and when it happens, we'll be more than happy to share with you.
- Ashok Tyagi:** Pritesh, like Mumbai, once an opportunity sort of gets curated enough for us to put a disclosure out, we will definitely put a disclosure out. But right now, I mean, some of those are just very early WIPs.
- Moderator:** Thank you. So, the next question is a text question from the line of Vasudev Ganatra from Nuvama.
- Vasudev Ganatra:** One, what are the exit rentals that we are expecting in FY '24 and FY '25? Two, how is our capex trajectory moving and our progress on leasing the vacant spaces in the rental's asset in DCCDL? Three, what is the presales guidance and launch trajectory for FY '24?
- Sriram Khattar:** So, let me give you on the -- based on the March '24 quarter, the exit run rate will take the rentals up to about INR5,000 crores. And based on the exit rentals for March '25, this will go up further to about INR5,600 crores, INR5,700 crores. But these are just the rentals. To this, we have to add the maintenance and power income that we have, which will also grow to about INR225 crores in FY '25 and INR275 crores in FY '26.
- On the vacancies, I have just explained on the SEZ side. On the non-SEZ side, I'm pleased to share that vacancies have been slowly coming down. And if we go as per plan, by the end of this year, we will have come down to a vacancy level, which should be roughly similar to what it was in the pre-COVID times.
- Management:** Sales guidance, Aakash?
- Ashok Tyagi:** So, the sales guidance, as we had mentioned last time also, continues in the range of 12 to 13. But given the fact that we are planning some major launches in the second half of the year, I mean, obviously, there is an upside risk to it. But from a guiding standpoint, I think we'll still stick to the 12 to 13 number that we had mentioned last time.
- Moderator:** Thank you. The next question is from the line of Puneet Gulati from HSBC. Please go ahead.

- Puneet Gulati:** Thank you so much. My first question is, again, on Mumbai, if you can give some more colour on what are you investing for the first phase? What would be the potential saleable value and what are the liabilities associated with it? Just for the first phase, I think it would be a good starting.
- Ashok Tyagi:** So, in the first phase, as you mentioned, the saleable area will be ballpark 900,000 square feet. Obviously, Aakash and his team will do a recce of the sale prices prevailing in that area. I mean, you guys are all Mumbaikars, you will have a far better idea of that, so I wouldn't right now hazard. We expect that to be ballpark, at least the 900,000 to be ballpark at least in the range of a couple of thousand crores. But that, obviously, the price points and all will be closer to the launch.
- The balance piece, obviously, is there. As we said that we have, I think, broadly invested about INR400 crores in equity or equity-like instruments -- not in equity, but in equity-convertible instruments in the entire structure. But we'll be basically taking hardcore equity in the upstream vehicles only once some of the restructuring get there and gets completed. This particular entity, we've transferred 900,000 cleanly into this entity. And in this entity, there's 51:49 equity, but this entity, to be fair, is a very thinly capitalized entity.
- Puneet Gulati:** Right. So, you're putting INR400 crores, and you get a 51 percentage of the 0.9 million square feet area, right?
- Ashok Tyagi:** No, broadly about 3.5 million square feet.
- Puneet Gulati:** But what for the 0.9 million square feet? 3.5 million square feet is for the full project, right?
- Ashok Tyagi:** 3.5 million square feet for total piece. This 0.9 million square feet is being transferred at a pre-agreed price from Sahyog to this entity, Pegeen. So, the equity here is actually very very good. But overall, our investment of the INR400-odd crores will hopefully give us a 51% equity or a stakeholding in the entire 3.5-odd million square feet.
- Puneet Gulati:** Okay. And then construction costs would be shared equally?
- Ashok Tyagi:** Yes, the construction costs and the selling price and construction costs would obviously be there. Yes.
- Puneet Gulati:** Okay, okay. So simply put INR400 crores for 3.5 million square feet?
- Ashok Tyagi:** So, there is the selling price, there is the construction cost and there is the slum rehab cost, which also -- which basically substitutes for the cost of land in normal circumstances.
- Puneet Gulati:** Okay. And what would that likely be and how much area?
- Ashok Tyagi:** No. So right now, we are focusing on first getting this 900,000 to the market. This 900,000, as we mentioned, I think, should have a significant amount of both sales revenue and margin. But -- I mean, broadly, I think you guys will know what are Andheri West price points are in this area. So, you can do your modelling basis, this will be a normal high-rise. It will not be ultra-luxury, it will normal good high-rise. So, I think, I presume it will cost in the range of whatever,

INR6,000 to INR7,000 a square foot that these things cost. And I think the residue would be the margin that will be emanating from this part of the project.

The balance is obviously because it does involve a lot of slum rehab work as well, the cost in rehab obviously gets more complicated. And I think we're still trying to put our entire hand in. What we did not want was that unlike in the case of our other joint venture in Mumbai, Tulsiwadi, we did not want to sort of delay getting the first launch to the market while waiting for the biggest one. So, let's get the first launch to the market fast. And then hopefully, that a, puts us the template; and b, obviously start cycle of virtuous cash flows.

**Puneet Gulati:** Okay. And hypothetically, sorry to level on this point. Hypothetically, if the further JV does not take off, then would it be fair to assume that the maximum investment on your part would only be INR400 crores and the balance construction cost?

**Ashok Tyagi:** If the balance piece doesn't take off, then obviously, the INR400 crores will also not -- will also, in some form and shape come back for sure. The idea is that the balance slum rehab, there's an LOI signed. Slum rehab is proceeding fairly aggressive clip there in that sense. In fact, some of the analysts I know are aware of the clip at which it's happening right now. So honestly, I don't think that is better. It's not that we are ending up spending INR400 crores for 900,000 square feet. I think if that is the question, the answer to that is a definitely, no.

**Puneet Gulati:** Yes. Okay. Understood. My second is on this quarter's gross margin's number. So gross margin was slightly lower compared to the previous quarter. How should one look at it? Is that -- how should one look at those numbers?

**Vivek Anand:** Yes. So, Puneet, you're right, the current quarter gross margin is upwards of 50%. It's at 52%, which has dropped from 57% of quarter 4. And I think, it's largely due to the product mix, right? So, the super luxury of -- in the base, which is quarter 4, we've issued possession letters for almost 26 versus 11 in the current quarter, right? That's the reason why we are seeing a drop in gross margin. But if you compare quarter-on-quarter, it is almost flat, right? So, 53%, 52%.

Yes. So -- but in terms of our guidance, I think we've been giving the guidance that current year, we will be holding on to 50%-plus that stays. There is no change in the guidance on the gross margin.

**Ashok Tyagi:** And again, Puneet, alert, I mean all of these margins pertain to sales done four years back.

**Puneet Gulati:** Right. I understand that. Yes. Okay. And lastly on DCCDL, how do you expect the borrowing cost to pan out? It's almost at 8.13%. Do you expect it to increase a bit? Or do you think it has peaked out here?

**Sriram Khattar:** So, you know this is just gazing through the crystal ball, but we expect this cost to go up marginally to about 8.2% to 8.25% and then plateau out at that.

**Moderator:** Thank you. The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.



**Parikshit Kandpal:** My first question is again on Mumbai market. So typically, Mumbai market is almost one lakh crores, in terms of volumes, in terms of value. So, you're kicking-off your first project now. So how do you think Bombay will pan out for you in the next three years to four years? So, what's the strategy here broadly? If you can help us understand what is the total development value? What is the total saleable square feet as of now and how big can this portfolio be to your overall sales?

**Ashok Tyagi:** Okay. So, as I mentioned to the earlier speakers, the current LOI that the slum rehab company has in addition to a couple of adjoining parcels that they're trying to close should give a saleable area of about 3.5-odd million square feet, somewhere between 3.3 million square feet to 3.5 million square feet, depending on the final configuration. Now I do not wish to put a speculative price point in the -- on the horizon. But I think all of you would broadly be able to understand or make your own assessments of what the price points in the Andheri West, that particular micro market would broadly be, so you can make your own assumptions.

From a construction cost standpoint, we believe that the cost of constructing this sale area should be in the range of INR6,000 square foot to INR7,000 square foot. And the cost of constructing slum rehab is typically in the range of INR2,500 square foot to INR3,000 a square foot.

So those are the broad numbers that we seem to be having right now, and we seem to be broadly working, which basically means that we should hopefully get a fairly decent return on this entire piece. The first 900,000 square feet launch is an important launch for us because that really is the first time that DLF is actually launching a project in Mumbai. So, it's like a pilot. And hopefully, if that goes well, then this entire equation will keep on multiplying forward.

**Parikshit Kandpal:** So besides this, this Tulsiwadi, so any update there? I mean any progress there? I think there was the restructuring which was happening there? So...

**Ashok Tyagi:** So, no, Tulsiwadi is not in the midst of restructuring. Tulsiwadi is in the midst of actually in an acute intersay shareholder dispute because of which, frankly, there's also a lender whose loan has been -- is delinquent. It's currently in NCLT Mumbai, the lenders have initiated a process for share invocation, which like responsible corporates, both us and Shapoorji Pallonji fully supported. But the third shareholder did not. And right now, it's all in NCLT. I think, given the multiple legal fronts that this issue is being right now challenged by the third shareholder. I think it will take some time before it really stabilizes in our system.

**Parikshit Kandpal:** Okay. And just on this size, like, I mean, what kind of pre-sales on three years to four years from here on? So, what kind of contributions can come in? Can it be as big INR4,000 crores to 5,000 crores contribution coming in from the MMR market sell for you in three years to five years?

**Ashok Tyagi:** I think right now, much as I'm tempted to, I would keep my counsel to myself. Let's first get the 900,000 square feet to the market. Let's understand what are the contributions we make and then we can project. I mean at a INR20,000 a square price, it's a different product. At a INR25,000 a square foot, it's a different product. At a INR30,000 a square feet, it's a different product, where in this entire equilibrium the price points will eventually settle for a good sustainable sale velocity of at least like INR1,000-odd crores a year is I think the key point.

And in my view that it's still early days, but I think we -- let's just sort of you know. I mean clearly, we believe that normally, if you see most of our Gurgaon projects are in the range of at least INR4,000 crores to INR5,000 crores of saleable revenue and a good 35% to 40% margins. We don't believe that these numbers should be any different from here. But again, I would honestly hesitate to hazard a more specific number, right?

**Parikshit Kandpal:**

But are you looking for any commercial also? Because I understand it's a large land parcel once it gets cleaned up, so entire 3.5 million will have 16 acres to 17 acres and maybe you look at doing some commercial there. So, what will be the...

**Ashok Tyagi:**

You are correct that it is a significant land parcel. You don't get 3.5 million square feet developable area in one contiguous parcel in -- on the western suburbs. So potentially, and while -- the first 900,000 square feet would, by and large, I think be residential, that's pretty much done deal. But on the balance pieces, there could be a segment of it, which is commercial, but I think it's still subject to a lot of master planning that's going on.

We have set up an office in Mumbai now as well. And we have a couple of very senior people who've joined us from the Mumbai market. So, I think we are clearly not trying to inflict our Gurgaon knowledge into Mumbai but looking at what the local guys do. But I mean, honestly, in this entire FSI mass that we'll have, a portion of it could be commercial in nature, for sure.

**Parikshit Kandpal:**

And just the last question, sir, if I may, on this INR19,000 crores of planned launches, so if you can give some more colour on or just some names to these launches or some sectors where the premium segment and -- if you can give some granularity to this?

**Vivek Anand:**

So, I think this is something we talked about in our last call as well. So, this 11 million square feet of launch we are holding on to the plan, which is -- which includes a high super-luxury residential in DLF 5. Most of them are 3.5 million square feet, expected sometime in quarter 4. We have a high-rise luxury residential development coming up in Chennai, which is 1.2 million square feet. Then we have a large project, which is mid/high-rise in New Gurgaon, Sector 76/77 coming up in quarter 3, that's close to 3.5 million square feet. Then we have a residential low-rise coming up in Chandigarh Tri-city, hopefully the end or early quarter -- the quarter 2 end or early quarter 3.

Then we have commercial SCOs in multiple geographies, which include Gurgaon and Tri-city, and that happens -- that's happening across quarters. That's around 0.7 million. And the last is Noida, which is 0.8 million. Here, we received OC, and I'm happy to share that the rental income will start coming in starting this quarter. And we are continuously evaluating how fast we can monetize this asset. So that's broad construct of 11 million square feet of our planned pipeline for the current fiscal.

**Moderator:**

Thank you. The next question is a text question from the line of Biplab Debbarma from Antique Stock Broking.

**Biplab Debbarma:**

One, are we going to use the surplus cash flow in expanding in Mumbai as well as doing capex projects in DLF? Two, what are the payment terms in the Mumbai project? And what are the responsibilities between partners?

**Ashok Tyagi:**

So, I'll answer the second question first. No. I mean it's a joint venture, but I mean, we'll obviously recruit the requisite talent in the joint venture. But broadly, I mean, the local thing, which is the entire approval processes in the slum rehab and all the places that I go with it, the local partner will be more adapted that. And the construction and sales and branding and financial closures are stuff that we do better, and hopefully, we'll get those skill sets to the table.

I mean, obviously, this is a continuously evolving process. So, I'd say it's not like one time we cut a check and took 51% equity off the table. This will be an evolving thing. And as I said, ballpark, we believe that the total equity that we invest in this project, at least at the size at which it currently is. Tomorrow, another couple of million square feet gets added, it's a different ballgame. But at the current size at which it is, I believe that about INR400 crores should be the total equity that, give or take, that we should be investing in it.

And if you see our balance sheet, actually already that money is invested in a couple of those entities there right now in a convertible instrument format, which once their internal restructurings are done, would get converted to equity.

**Moderator:**

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

**Kunal Lakhan:**

Hi, thanks for taking my question. Firstly, again, on the Mumbai project. Tyagi Ji, we have seen in the past like that in Mumbai, slum rehabs are generally very complicated, long gestation, approvals get stuck. How have we safeguarded ourselves in terms of such delays?

Firstly, like if they are beyond the approvals, I assume you said that the slum rehab portion for the 0.9 million square feet is already done. So, where we are on the approvals process here? And when can we expect launch of this project, a formal launch? And a related question is like what kind of product segment would we look at? Because DLF is known in Gurgaon for putting up these large apartments, and how will we look at launching in Mumbai? Considering this will be our first project in Mumbai, how will we position it?

**Ashok Tyagi:**

Okay. So, let me first answer you the -- what was the first question? I'm sorry, I understand the second on the size of the project, your first question was very complicated. Can you repeat...?

**Kunal Lakhan:**

So, the first question was in terms of approvals, like where we are on the approval side?

**Ashok Tyagi:**

Got you. Approvals and lessons learned.

**Kunal Lakhan:**

Yes.

**Ashok Tyagi:**

So, look, Kunal, we honestly have reflected a long time before re-entering Mumbai, as you know, in fact. And broadly, the three or four things we are doing differently here is that, a, we have taken 51% with the specific intent of taking overall operational controllership of the project. I don't think there's any doubt on that, that we will be the operational people who will be running this project be it construction, be it sales, be it financing, those sort of things.

Secondly, we took a project where the slum rehab is not a complete greenfield but a brownfield. I think if I'm not mistaken, some 27 stories of the first tower are already built in, I think. And so, in that sense, a certain spec is already consummated.

The third thing was -- we did was that we did not link the first launch to the entire slum rehab completion, all of those things. But this FSI, which is consummated today, we are cleanly transferring into a new SPV, where -- which is currently our 100% subsidiary, where we will issue 49% shares to the partner and do the first launch there so that actually the team which are doing the sales, area construction and the sales and all of those things are completely isolated from the entire challenges that typically go in the slum rehab schemes.

Parallely, obviously, we are keeping a very close eye on the entire slum rehab and obviously, the slum area construction and all of those things, and those will continue. Approval, the approval of the slum rehab is already done, obviously, that the LOI is clearly approved for the entire area. The building plan approvals for the sale area will, I think, go in -- going shortly. And you can never say about approvals, but we definitely anticipate that the first launch should definitely happen 12 months from now at the latest, hopefully within this financial year.

About the pricing. No, honestly, this is early days, but clearly, at least our first launch, and it's a matter of internal discussions, frankly, between our technical teams, marketing teams and the partner. But we are clearly looking at, at least the first launch should be of a product sizing and specs where the velocity of launch, the velocity of sales is pretty high or reasonably high. And that's where we're looking. Aakash, you may want to weigh in on the entire sales cycle of this entire piece?

**Aakash Ohri:**

So obviously, if you see the West Andheri side, there's a certain ticket size that prevails there. And you know go a little further to Lokhandwala, there is something, I would say, a little better than what that area is. But what I have seen there is a latent demand there. And I feel that one thing that I can very confidently tell you all today, that the first trip that I made, and post that, I think there's been a considerable amount of feedback that I have got, which has been quite encouraging.

I've been told -- I just hosted a very big brokers conference, which was just for Rest of India, nothing to do with Mumbai. But obviously, the same kind of questions were thrown at me. But there is a lot of interest for DLF to come there. You're right, you talked about a certain way that we operate. And I think the DLF lifestyle is something that we will bring there.

There is a -- we have been asked about sizes which you know are still in the making. But one thing that you all can be assured is that it will be how we've been operating all over the country, you will have the same thought process. And what is going to be on the ground is going to be something that Mumbai is yet to see, especially in those segments. So, I will strongly encourage you all to buy because this is -- wherever we have been, we have thankfully, positively changed the market.

And here also, I think with all the intent that we will bring to the project, both from the operations point of view, of course, the concept and the product and all will be very exclusive for the

segments, I repeat, that we will bring in there. But rest assured, you will have our trend in everything that we do there as well. So, we're also equally excited about Mumbai on groundwork and all that. I mean, we will only formally come in post all our approvals, but right now, it's just an announcement. So, I think you all please wait for this next announcement.

**Kunal Lakhan:** Sure. Just a follow-up on that. So Tyagi Ji, you mentioned that it's a joint venture and 49% stake is what partner has. So, I'm assuming he'll be contributing to the construction costs and overheads in accordance with his stake, right? So...

**Ashok Tyagi:** No. Those will be done by the SPV. So, I mean the construction costs, the sales costs, the approval costs will be costs of the SPV. So, the SPV profits will be distributed in the 51:49 ratio.

**Kunal Lakhan:** Sure, sure. So just -- the reason why I was asking was that how well capitalized your partner is in terms of like, you know...

**Ashok Tyagi:** Actually, hopefully, once the product hits the operating phase, neither of the two shareholders will need to put in money because hopefully, Aakash would sell at a price and the 70% account of RERA will be more than sufficient to defray the operating and even the slum rehab expenditure. So frankly, we do not anticipate putting any significant amounts of money into this project once it's the operational stride. The money that are being invested are essentially two-folds. One is from the time that operationally cash flow starts and we obviously continuing to build on the slum rehab.

A lot of developers in Mumbai, what they do is they just make enough for the first launch, then the slum rehab also stops and then let's wait for the first launch. We will continue to invest in slum rehab because what we are targeting is that hopefully, we have 900,000 square feet launched at the end of this in fiscal, six months to nine months down the line, the next 1 million square feet should be available for launching as well. So, we want this to become like a cycle in that sense. And that is important.

Also, the one thing I thought I would say at the end, but since there are so many questions on Mumbai, I just want to put for everybody's -- and I appreciate the fact because all of you reside in Mumbai. We are right now in the second half of the year and already underway, looking at three projects in Gurgaon. One is what Vivek mentioned in Sector 76/77. It's a project 4x the size that we are proposing to launch this quarter.

The second is the DLF 5 piece as Vivek mentioned. And the third is the entire Downtown project that Sriram will hopefully step up -- I mean, step across the next few years. Just as a reality check, the GAV of all of these 3 projects will be hired in Mumbai. Hence, I can appreciate the enormous interest around Mumbai.

**Kunal Lakhan:** My last question is for Khattar Ji. Sir, you mentioned a little earlier about non-SEZ vacancy at the year-end being closer to, say, pre-COVID levels. Can you comment the same on the SEZ vacancy side? Where do you expect that to settle by year-end?

**Sriram Khattar:** No, I wouldn't like to comment on that. As I said earlier, we are quite confident that Ministry of Commerce and Ministry of Finance are working on floor-wise denotification, and we expect that

shortly. Once that comes, the ability to de-notify and then to lease out will happen and therefore -- thereafter, the vacancy in SEZs will also start coming down. Will we reach pre-COVID levels? It's a little difficult to say at this stage because I am not yet certain on the timing of the notification, and thereafter, the time the development commissioners will take to approve the denotification, floor-wise. So maybe during this call, at the end of Q2, we will have much more clarity on this.

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

**Abhinav Sinha:** thanks for taking my question. I'll take the hint of Tyagi Ji and bring it back to the NCR market. So, sir, can you talk a bit about the pricing which has been achieved in Camellias and the Midtown project this quarter? And how are things looking there?

**Ashok Tyagi:** Okay. So, I think you have almost given Aakash like a penalty stroke that he was waiting for all of these 45 minutes now.

**Abhinav Sinha:** Sir, please go ahead, sir.

**Aakash Ohri:** So, Camellias, obviously, has been performing phenomenally. I'm happy to let you all know that we are now trading anything upwards of, say, INR45 crores to about INR60-odd crores per apartment. We are looking at, in fact, there will be just another price increase. So INR60,000 a square foot plus, plus whatever you can attribute even today. I'm talking about INR60,000, just the BSP-plus your PLCs and all that is your present price point. You have seen last quarter's performance. So, we've got now the last some apartments left. So basically, these are, obviously, in Q2 also, we will take them out. But just to give you a little bit of -- a little more in-depth analysis of where we are.

So, we have in Camellias out of the -- stock of these 20, 30 left, we have just about seven of them, which are floor eight and below. Now why I specifically mentioned this to you is because if you see our valuations and you see where the numbers that we are talking about, so INR60,000 is already achieved, INR70,000 is what hopefully, we'll announce soon. But I see this going up to about INR1 lakh a square foot in no time because it is going to jump now. If you see the kind of valuations like what Mumbai does and see the work and in fact, you all have seen the view corridors and just the vistas and all are so phenomenally good, the infrastructure, the kind of people, the social infrastructure.

So, I feel today, if you're actually looking at if an NRI or anybody else wants to look at a good, green, safe, happy environment to invest in and live there primarily, what is the option. So one is that.

Second, as I say, we are walking our talk in every other -- I mean, in terms of development for that area, both from operations point of view and the hospitality. And most importantly, if you see the Camellias is today, an average apartment is -- right now, rental for an average apartment is anything between INR8.5 lakh to INR10 lakh. This is, I'm saying the smallest apartment size, which is 7,400 square feet.

So there, the demand for Camellias, we are right now in the home run, so -- and when I look back, I think it's been quite a gratifying journey there, a lot of work. And I still recall 18 months back when we first came onto the first call, there were so many doubts you all had, where quarter-on-quarter, one tried to allay them, and -- so where we are today is just now the final thing, but it's going to be valuation. And I definitely see once more people trade.

So, there was another thing that I'd like to add here, when the registrations happened in Camellias, and this is very important for everybody to know. I was told that the market prices will drop and there will be a substantial amount of corrections and all that. Let me happily tell you today the re-trade market in Camellias, the last thing -- the last apartment that was sold about a week back has been sold at about almost INR5,000 square foot more than what I'm in the market at.

So that has further validated the kind of work that we've been doing. So, all those, I'd say, what people had presumed and assumed has also gone out of the window because everybody who thought that they could trade it below certain price points have also now realized that, look, this is not going to be an easy buy.

So that itself has established a good price point. So, Camellias there, I feel please watch this space because I think that will be a benchmark for the country, for sure. Everything else has been kind of achieved there. So, I think price points there will continue to go up. And I reiterate substantially.

Moving on to OMT. We've got some great traction. That market, as you know, is a little bit of a different issue there in terms of -- price points has never been an issue, but I think, the way that financially, how that -- real estate wise, how that market operates has historically been a little bit of a problem with all check deals and all. And because of our policies and what we are doing, prices have definitely gone up. Sales have been pretty good. We have replaced sales. Collections have been pretty good for the last two quarters.

But I think, whatever work that we are doing in ONE midtown today, a lot of work on ground that we did in Gurgaon to establish these communities to make sure that our investors are also making money as we go along and sell. So, I feel as we are coming closer to handover, which will be sometime later part of mid next year, you will see a substantial increase there as well because that is Delhi. And no matter what happens there, prices will have to go up.

But I think at this point of time, we are going to be launching the Tower D soon, sometime later this quarter. But there also -- there's, again, just one, I'd say, 20%-odd of the stock, which is now left. Rest is all being done and is being realized as we speak. But I think that the sales -- the realization potential for our already invested patrons will be reasonably high there as we move along there as well. So, both looking good and Gurgaon and all, you already know. So, I think yes, that's where we are.

**Abhinav Sinha:**

Sir, great to hear. A couple of questions for Khattar sir also if -- with your permission. So, sir, one, we can see Mall of India now mentioned in the area under development, slide 14 of the presentation. So, is this started now? And what are we looking as timelines here?

**Sriram Khattar:** So honestly, the planning started quite some time back, but now we have nearly completed the master planning and the detailed drawing should start in the next month or so. If all goes well, we will probably start in Q3 of this financial year, the construction.

**Abhinav Sinha:** Okay. And sir, one last question on the offices front. We have seen large precommitments. So now you have about 82-odd percent lease there. So, at the time of handovers, which I'm assuming is somewhere end of the year and early next year, do you envisage a shift from the currently occupied space to Downtown, or these are completely different tenants?

**Sriram Khattar:** So, this has happened when we even let say, Cyber Park a few years ago, about 10% to 15% of the existing tenants in Cyber City do move there. And that is true for even Downtown 1 and Downtown 2. Downtown 4, there is one tenant which is going to move from here. As we speak Downtown 4 out of the 2 million-odd square feet, 1.7 million, 1.75 million is already leased. There is an advanced stage of discussion with another tenant who would also partially move from Cyber City.

In Chennai, out of 3.3 million that we are doing, we've leased 2.9 million to 3 million already there because the existing IT Park was an SEZ Park, we have not seen any movement from one park to the other.

In terms of timelines, we expect the occupation certificate for Downtown Towers 1 and Downtown Towers 2 by late August, early September. And we are hoping to catch a sliver of rentals in Q4. The full rentals of Downtown 1 and Downtown 2 will come in, in the current year and Downtown 4, the rental will start in the last one month or two months of FY '25.

**Abhinav Sinha:** Okay. And for Chennai?

**Sriram Khattar:** Chennai Block 1 and Block 2, the rental should start before the end of this financial year, maybe February, maybe March. And the third tower, which is given to Standard Chartered Bank will start end of FY '25.

**Moderator:** Thank you. Ladies and gentlemen, that would be our last question for today. I now hand the conference over to Mr. Ashok Tyagi for closing comments. Thank you, and over to you, sir.

**Ashok Tyagi:** So, thank you once again to all of you for joining us today. I mean this Q1, I mean, the way we look at it is a continuation of the last few quarters where the focus has been on strengthening our sales engine, strengthening the quarter-on-quarter delivery on profits and cash flow. I mean some of you may recall the days when DLF used to have -- the DevCo side used to have a net debt almost nearing INR20,000 crores.

And this quarter, we are down to INR57 crores, which is as close to zero, hopefully, as it gets. The rental piece is now -- I mean, it's actually witnessing a situation where, hopefully, offices and retail are both growing very aggressively. We do have a slight sort of -- our launch pipeline is more slightly tweaked to the second half of the year. But hopefully, in the second half of the year, you'll actually see a lot of strong launch.



After a long number of years, we finally re-entered Mumbai and there also, we should hopefully see the first launch in the next nine months to 12 months. And then hopefully, that should set the base for a more -- for a stronger pipeline there as well. And frankly, yes, some of you did point out what to do with excess cash.

And yes, excess cash, hopefully, is a good problem to have. And once we get used to having INR3,000 crores or INR4,000 crores lying in the bank accounts, we'll figure out the right apportionment between growth and shareholder's return, as you rightly said. But just, I mean, by way of a cautionary note that a large part of that cash does get trapped in the RERA accounts as well. So, while it's there some of it at least cannot be accessed at will, but that's the nature of the RERA piece, so no regrets there.

Hopefully, we continue to deliver what the analyst community has been looking for, for the last few years. And we'll try to keep on improving our disclosure as frankly, we have been doing over the last two years or three years now. And obviously, if any of you have any offline or detailed queries, please feel free to reach out to Kuldeep. Thank you.

**Management:**

Thank you.

**Moderator:**

Thank you very much. Ladies and gentlemen -- thank you. Ladies and gentlemen, on behalf of DLF Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.