# "DLF Limited: Q4 and FY23 Earnings Conference Call"

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**Moderator:** Good day, and welcome to DLF Limited Q4 and FY '23 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; Mr. Aakash Ohri, Chief Business Officer and Group Executive Director. As a reminder, all participant's lines will be in the listen only mode there will be an opportunity for you to ask questions after the presentation concludes. If 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:** Yes. Thank you, Faizan. So good morning, and welcome to DLF Limited Quarter 4 and Financial Year '23 Earnings Webcast. Thank you for joining us on a Saturday. We are very happy to announce our business which delivered record performance across all key parameters. We'll start with the highlights of the business. Financial highlights for quarter 4 financial year '23, DLF Limited consolidated. Consolidated revenue stood at INR1,576 crores, gross margin at 57%. EBITDA stood at INR518 crores, net profit at INR581 crores, reflecting year-on-year growth of 40%.Financial highlights for financial year '23 DLF Limited consolidated. Consolidated revenue stood at INR6,012 crores, gross margin at 57%. EBITDA stood at INR2,043 crores, net profit at INR2,053 crores, reflecting year-on-year growth of 36%. The Board of Directors have recommended a dividend of INR4 per share subject to approval of the shareholders. During last quarter, our residential business delivered a record performance by clocking new sales booking of INR8,458 crores, reflecting a year-on-year growth of 210%.

Cumulative new launches for the fiscal were around 10 million square feet and new sales stood at INR15,058 crores, which is again a record number for annual sales booking. These figures obviously are on account of overwhelming response for, The Arbour project, which created a new benchmark in residential sales by setting a record of being entirely sold during the pre-formal launch phase, garnering new sales booking of INR8,000-plus crores. This strong response led to the preponement of a significant portion of Arbour sales that we had actually planned to release for the forthcoming quarters, approximately INR4,000 crores. The success of this product stands as a testament of the immense faith that our customers have reposed towards our brand and a strong endorsement towards an aspirational lifestyle. The strong business performance led to a healthy surplus cash generation, enabling significant strengthening of our balance sheet. Consequently, our net debt now stands reduced to INR721 crores, one of the lowest levels.

Further to this strong performance, our credit rating was upgraded to CRISIL AA / stable outlook and ICRA AA/stable outlook during the year. Our offerings across multiple geographies continue to be the preferred choice of customers, enabling healthy growth in our business. The residential upcycle, along with rising demand for luxury segment, enthuses us to remain committed towards scaling up our new offerings.

We continue to follow a calibrated approach to bring new products across multiple markets, while simultaneously ensuring timely execution of our launched products. In line with this strategy, we have outlined our planned launches for financial year '24 in the analyst presentation. We are planning to launch around 11 million square feet with the sales potential of almost INR19,700 crores this fiscal and in addition, have an launch inventory of around INR7,400 crores. This gives us a potential of almost INR27,000 crores worth of products. Given the fact that it takes a good amount of time to procure approvals and project readiness, we do expect that timing of these launches will follow a similar phasing as in financial year '23, which means you will see a significant portion of new launches towards the second half.

I'll now move to the financial highlights for financial year '23 of DLF Cyber City Developers Limited consolidated results. Rental income grew to INR3,967 crores, a year-on-year growth of 19%. Consolidated revenue of INR5,419 crores, reflecting a 19% year-on-year growth. EBITDA at INR4,148 crores, year-on-year growth of 19%. Net profit of INR1,429 crores reflecting year-on-year growth of 43%.

The recovery across the office segment remains gradual on account of continued global macro headwinds, while such headwinds continue to impact decision-making in the short term, we believe that India would continue to be the preferred destination for global captive and large occupiers. The occupancy of our existing portfolio remains steady. However, we are witnessing healthy demand interactions for our newer developments, indicating a clear shift by large occupiers towards quality workplaces, offering enhanced safety, engaging experience and an integrated sustainable ecosystem. With this backdrop, we continue to invest on our new developments across DLF Downtown Gurugram and Chennai and are implementing asset enhancement strategies across our existing portfolio as well.

Our retail business continues to operate at high occupancy levels and deliver healthy growth. Footfall levels are now reaching the pre-pandemic level with consumption trends showing buoyancy. We expect sustained momentum for quality retail destinations and hence continue our expansion plans in this segment across multiple markets. We continue to work extensively towards our upcoming retail destination, Mall of India Gurgaon, for which planning is at advanced stages.

We continue to remain a positive outlook for both our businesses and remain committed to delivering consistent and profitable growth by bringing quality new offerings across multiple markets. We believe that our business, backed by a strong balance sheet and healthy cash flows remains well poised to deliver across all parameters.

Right! With this, I end here and we are now open for questions and answers. Thank you.

**Moderator:** The first question is from the line of Saurabh Kumar from JP Morgan. Please go ahead.

**Saurabh Kumar:** Hi. Thanks for this and after this quarter, I don't think there are many questions, but let me still try. So, two on the office side, two on the resi side. From the residential part one is, how would you think about your sales guidance for next year after this INR15,000 crores sales this year? And should we assume this similar 60%, 65% sales through velocity that you have achieved this year?

Secondly, specifically in terms of Arbour, why would you not hold on to inventory, if the product is so good? Was there some issues on the taxes being better into this financial year, which led you to this decision? And on the office side, basically, what were the mix of the SEZ, non-SEZ in the portfolio? Are you seeing some pressure on the SEZ side there? And on the retail side, you've said that the malls will double in the next 4, 5 years, what are these? So, a bunch of questions, but thank you.

**Ashok Kr. Tyagi:** So Saurabh good morning. On the guidance piece for next year, that's a tricky one, frankly, because I know you are possibly leading us down a slippery path. So, the way we look at it, frankly, we try to be very balanced about it. I think in some sense that I'll get Aakash to chip in. I think the Q1 and Q2 are really linked to each other. In all fairness, our estimation and our plan on Arbour was very transparently that it's an INR8,000 crores launch. We'll possibly do between INR3,000 crores to INR3,500 crores in Q4 and the balance across end Q2 of the next fiscal.

I think as, and I request Aakash to chip in, I think even Aakash, with all his decades of experience was overwhelmed by the sheer quantum of response that the product generated. I think almost INR3,500 crores – 3,500 checks for

1,100 apartments, etcetera. So really we up the ante Saurabh, as you know, that normally customers -- I mean, normally the developers declare pre-sales on the application, we said we will declare pre-sales only if we are able to collect the first 30 day installment of 10% that means people have actually paid up 75 lakh each and they all have signed the agreement to sale, which is under RERA. Even that threshold was met 100%.

So really, you know, frankly, we had no option but, I mean, I don't think we had any rational or frankly almost any logistical opportunity for us to actually defer Arbour sales across two or three quarters. I mean, it all came in one quarter. I think it's obviously a delight. It's also in all fairness left a lot of, you know, our own friends and acquaintances unhappy who could not get the allotment and that's fine.

But really, I would say that a normalized sale for this year should really have been the range of INR10,000 to INR11,000, but it just happened to be INR15,000 because the INR4,000 crores installment happened. So, we'll still keep our head guided and we'll say that next year we should still be looking at a case guidance of INR11,000 crores to INR12,000 crores. But again, given the fact that we have two or three very interesting products lined up next year, you know, could there be a positive surprise? Of course. But I say from a guidance standpoint, we'll still say INR11,000 crores to INR12,000 is the guidance.

**Vivek Anand:** Yes. Absolutely. I think just to add Saurabh, I think this year we've launched 10 million square feet of products, adding up to almost the sales potential of INR15,000 crores. I think we got a very good response from the market. And considering that we've increased our launch pipeline to 11 million square feet for the current financial year, adding up to a sales potential of close to INR20,000 crores, right. So, I think our ambition is very clear really to really grow from here, right? There is no doubt about that.

But having said that as Mr. Tyagi explained, from a guidance point of view, it will be INR11,000 cores to INR12,000, crores which we believe is achievable and we will certainly try our best to really beat that estimate.

**Ashok Kr. Tyagi:** Aakash, on Arbour?

**Aakash Ohri:** Yes. Saurabh on Arbour, let me just also come in. Now you asked a question about was this done for any tax benefits and all? Let me tell you, I was in the thick of things then. Short of being lynched and kind of taking a call on certain things on the ground. There was literally -- there was nothing one could do. It was such a pleasure, ladies and gentlemen, after a long time to see the tsunami of owners and prospects and CPs and partners, strong and swarm in the place. I have some videos which I'd like to share separately whenever there is a chance.

But let me tell you, when we started to build up, the buildup started well. It was a pent-up demand for a DLF group-housing product in Gurgaon. A lot of work, you know, seeding had been done. As you know, compliance related post data only we can get down to doing stuff. So we immediately dispatched teams all over the world. We did a lot of work internally. A lot of good responses from the corporates.

But at that point of time, we had a choice, you're right, absolutely. And to what Mr. Tyagi mentioned and deliberated, I think not once, but 10 times on this issue where things kept happening. We had a choice Saurabh to push it to Q1 and make more money. Definitely. And let me tell you how much more money about at least a INR1,000 crores more could have been done. I mean, as far as this company is concerned, I think the customer's interest and prospects interest has always come first and that is what we're known for. I think we've demonstrated it many times. Arbour being one also, I'll tell you where the situation kind of came in like that. And we had a lot of responses that came in from people.

At that point of time to stall something which is going on at a space was I don't think would have been prudent because you can't have a customer wait for two months because this was mid-February -- 15th February to be precise when we did the broker's launch and immediately after that. So, we couldn't have asked a customer to wait for six weeks or eight weeks for the next batch to come when as everybody else queuing up and giving their intent -- their application forms. So we could have dragged this on, but I think it’s in can be interest of the customer's benefit first. A call was taken to do that. So I don't think there was any. I mean, there are, Mr. Tyagi and Vivek and I've already talked about it, but I don't think there is any tax-related matter. But I think it's very grateful for an opportunity like this. You should have been there to kind of live that moment with us. But I think there are no doubts the whole world and the others were here. It was a big endorsement to the dealer brand. I think that's all I'd like to say. But the celebrations here have been very muted, as per Mr. Tyagi's strict instruction. So I don't know whether to celebrate or to take your compliment.

**Ashok Kr. Tyagi:** So gratitude is the opportunity.

**Sriram Khattar:** So moving on to the rental portfolio. Saurabh, your question was SEZ versus non SEZ. I think a breakup is about in terms of rentals about 30 odd percent is SEZ and about 67% to 70% is non SEZ. And this is the office's part. The retail itself is about 22%. So in the overall rental income, the SEZ in terms of rental income falls to below 20%, 22% 20 odd percent. Now SEZ is a little concern in the market because of the sunset clause. In our portfolio, our SEZ has maintained a vacancy of about 15 odd percent. Whereas our vacancy in the non SEZ portfolio has dropped down to only 6%. And which is I think a very healthy sign and the combined vacancy is about 10%. Now while this is happening, we have been advocating and socializing through the CII and the Naredco and the Asia Pac Real Estate Association with the Ministry of Finance, Department of Revenue and with the Commerce Ministry.

And I am given to understand that they are in the final state of amending the SEZ act rules, which is within the power of the commerce minister which will extend the building-wise, denotification to a floor wise denotification. I also understand that the Ministry of Commerce is going to lean on the development commissioners to ease the speed at which the denotification is allowed. So there is little pain, I would say, for the next few months, but I don't see it lasting for long.

Now this will have 2 impacts, 1 very positive impact and 1 a slight negative impact. The positive impact is that it will bring very high-quality real estate to the market with the ability to lease. And developers who have these developments in good locations and have credibility will do well. marginally, especially in, say, Hyderabad, there will be a slight subdued rentals for about 2, 3 quarters before some of the stock gets absorbed. So whilst there is a temporary blip, but I believe it's very, very temporary and see Ministry of Commerce comes out with the new guidelines, I think we will do well.

In terms of our budgeting, etcetera, we have been cautious for the next year. And we are going with the assumption that SEZ vacancy will remain by and large, similar. It will improve by 100, 200 basis points.

On the mall space, yes, doubling is very much on the cards. If you have seen the analyst presentations, 2 million worth of retail is under, about 1.5 in retail is under construction in the books of DLF. We've got the Avenue Mall Goa, which is construction is going on full swing. And the 2 high street shopping centers, 1 in DLF 5 and the other near DLF-Midtown, the construction is full swing. And our plan for Mall of India Gurgaon has now reached at quite an advanced stage. And I dare say that when we meet next time, we'll probably share the news with you that construction is either commenced or is about to commence.

So if you take about 2.6 million Downtown -- sorry, Mall of India Gurgaon and you take the existing developments that are happening. The total automatically is roughly double of where we stand today at between 4, 4.5 million square feet. Now 1 more point on the expansion I would like to share, that in the Vasant Kunj complex where we have 2 malls, The Promenade and The Emporio, the total size of these malls is about 800,000 square feet, slightly below 800,000. And we have the potential FAR to do another 500,000 square feet in that complex. And that's right in the center of town.

Unlike some of our competitors, we have yet not utilized this FAR. And we plan to -- we are also sort of going through a master planning of those sites. But we plan to take it up after the construction at Mall of India has commenced and has stabilized. Similarly, at DLF Avenue in Saket, we have the ability to construct another 200,000 square feet of GLA which we shall do at a later date because as you know, we have just renovated DLF avenue about 2, 2.5 years back, and we would let it through for some time before we take up that GLA.

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

**Pritesh Sheth:** Firstly, congratulations on a great year, and congratulations passing everyone to be the largest developer in residential this year. My first question is, again, on Arbour, and this is with regards to pricing rather than the demand. So what's the strategy? What's the strategy here? Because since our last Investor Day last year, it came across that we are very optimistic on the pricing part. While in Arbour, we started probably at a lower rate than the market was expecting. And we have sold at around 17,800 per square feet. I'm not trying to criticize, but just wanted understand the strategy from here on. Were we trying to suppress the price increase that was happening in Gurgaon and potentially would have impacted the affordability in the future? So just wanted to understand your thoughts on that.

**Aakash Ohri:** So as for Arbour's concern, again, with this particular thing, as I said, has been great learning. So as far as the price points are concerned, we deliberated, it went back and forth. See, when you're sourcing leads and when you're setting up a certain agenda, you should always set it up at a higher price point because we build it from a ground-up story. There are more disappointments than anything else. So everybody has to plan their budgets. So when you are doing something like that, you'll always -- because even your numbers aren't finalized and all that, so you are kind of sussing the market out, but you always put it out in a way as transparent as possible and say you're going to be aware about a certain number. So that's what we did.

But with regard to -- see what happens is there are two things here. If you've seen, projects where other developers have launched a month after when the collections begin, that's when it actually gives you the real picture of what the demand is, you know, and that's when most of the cancellations and all that happen. That speculation is something and then there is the short code people back it up with money. So that's one.

With regard to Arbour again, in terms of price strategy, that area, let me tell you, we are still about at least about maybe 20%, 25%, if not more, higher than what that golf course extension area demanded or traded at that point in time. So to be fair, I think we could have, to your point, gone up to maybe 40%, 50%. But I think sometimes sales is more important. And to create that a certain amount of hype and actual test out the market is more important than is playing around with price points. So I think that's where it was.

As it stands in the golf course extension, I can talk about 14th of February. I don't think there was any trade that was happening beyond 14,000 irrespective of what people were saying. They would start to launch a product at '17 and then discount it by 3,000, 4,000. So really, I don't think the prices went beyond that.

So therefore, for us to come on, to launch something at an 18,000 was -- for that area was a new benchmark. And please understand there is a clear distinction between golf course or DLF 5 or golf course road versus that. So yet we launched, I thought the pricing was pretty aggressive at 18,000. Now that you look at it in retrospect, yes, could you have done better? I'm sure we could have done more. But I think we'll do much more in the future. So that's okay. But I think -- I hope I've been able to explain that to you.

**Ashok Kr. Tyagi:** And also for a relatively new micro market, it's retrospect it wasn't a bad idea to lead some markup for the customers also. I mean it also sort of tells them that they are almost making a certain mark of almost within 90 days of buying.

**Vivek Anand:** And also just to add, as Aakash rightly said that in that micro market, our pricing is almost 15% higher than the market. I would also like to also add on the quality of sales, I think it cannot be just that in isolation, right? So if you really look at the quality of sales, we've been able to not only sell the entire in three months, but we have been able to actually collect 10% in the first 30 days. We've been able to sign agreements with all 1,134 customers in the first 30 days. And we are happy to share that our end-user estimation is higher than 95%. So I think you have to really look at everything in totality and not just 1 element of sales, which is price.

**Pritesh Sheth:** Sure and thanks for raising that end user point. So we've seen company marketing, it's projecting Singapore and Dubai. So we have started this obviously, NRI marketing as well would have been prevalent earlier as well. But what's the strategy there? I mean would those demand would still be considered as end user demand considering that they are really NRI investors, and they would always settle there. sir, your strategy on that?

**Aakash Ohri:** Yes. So NRI has contributed to about 20% of the business. And -- we have thankfully -- I can -- I'm happy to state we have an NRI who returned from Singapore, Mr. Sriram Khattar, invested at DLF property and lived in that. So we have millions of examples like this. NRIs, I'll tell you something. This constituency, we were not aggressively targeting after having done that maybe previously. When I remember when I used to run golf and other businesses, they would welcome us with open arms and all that. And it was a great relationship. After that, we kind of stepped back from that market, colleagues who were kind of running it earlier.

So when I saw the opportunity right now for the last 1 year specifically, there was constant and consistent feedbacks and demand from the NRI market saying that by the time they get prepped up, it's sold. They never get the inventory. They have tried it out in a project called Grove in Q3, when we spoke about, I tried it out in the Valley Gardens in Panchkula and which you all are aware of. And this time, we went a little more aggressive. Our NRI contributions have been almost 14%, 15% if I look at INR15,000, but actually, we started -- if I look at the 10,000 guidance we've given, it's almost 20%. So that is a market which is ready. That is a market which is wanting good real estate investments to make.

And for the future, I mean, I have seen so many NRI come back and want to settle in areas which are fully provided for security, safety aspects that they look, green sustainable. I think that's what DLF stands for. So there is a -- I'm seeing a tremendous demand from that market. I've been making those statements. I know you've got a chance to make them. But whether it's the Middle East, US is one of our biggest markets. And then, of course, you've got Southeast Asia.

So I think this time, there was a concerted plan from Q1 to target the NRIs. It's spawned a lot of good through. And this year, again, we'll continue the trend. But NRIs have -- what I think right now is, they always love to invest. And they've been -- other than the Indian markets where they lost money previously, they kind of spent their money or wanted to invest all over the world, other than India. I'm seeing that trend change over the last year, 1 year, 1.5 years and a very heartening to know that. And we are going to be continuing to be there in those markets because they're very precise. They know what they want. There are no hassles. They work like those countries, the work. The payments come on time, the agreements are done, either they are on or they are not. So it's a very clear and clean system of working with the NRIs.

**Ashok Kr. Tyagi:** And Pritesh, one more thing you mentioned about end users. So please appreciate anybody who is buying a INR8 crores property in most cases, it could be his second property, it may not be his first property.

When we say end user, we are looking at people who are looking to buy this property and holding it for a very long term versus short-term investors who would buy, pay 20%, flip it over, which used to be the overwhelming trend set is about seven years, eight years back. These are people, who are buying the property. A serious investment decisions either for staying or for renting as a second property or whatever. But who are not looking to flip it over short to medium term. That's what end user really means. You mentioned that if somebody is stay in Singapore, how can he be an end user. So I'm just clarifying that.

**Pritesh Sheth:** Got it. Thanks. Thanks for the clarification. And one last question on the launch pipeline for next year, it really looks too good. I've seen like around 4 million square feet, 4.5 million square feet of projects being added this year. If I adjust the second phase of Arbour, so I would like to know what are those projects that we have added to our pipeline. Probably Crest 2 is one, but apart from that?

**Vivek Anand:** Okay. So the estimate for the current year is 11 million square feet. So let me start with luxury. Luxury, we've given an estimate of close to 5 million square feet, of which we will have a residential housing coming up in DLF 5. That will be close to 3.5 million square feet, plus another residential housing coming up in Chennai. That's for about the Luxury. I'll move to premium, which is approximately 5 million square feet, which includes DLF City, Garden City Floors and residential housing in New Gurugram.

Then we have projected some SCOs, commercial in 5 City coming for including new Gurgaon. And finally, it's Noida IT Park and data center. So those are broadly the project and the locations, which are part of this 11 million square feet for the current fiscal….

**Pritesh Sheth:** Sorry. Sure. Your voice cracked up a bit in between. So if I got it correctly, there is a Chennai project, which is planned in premium and there is a...

**Ashok Kr Tyagi:** Luxury project.

**Ashok Kr Tyagi:** Chennai is a Luxury project.

**Pritesh Sheth:** Yes. Okay. Luxury project. And there is a residential housing in New Gurgaon that was going to be a high rise project, right?

**Vivek Anand:** Yes, that's right.

**Ashok Kr Tyagi:** It could be a mid to high rise. It won't be independent floors, but it could be mid to high rise. Let's see where exactly the building is finally settled at.

**Pritesh Sheth:** Got it. Thanks. Thanks for very detailed answers and I'll jump back to the queue. Thank you.

**Management:** Thank You so much.

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

As per news report, Cognizant is cutting back on 11 million square feet in office space in order to save cost. Cognizant is one of the top clients. Is Cognizant vacating DLF offices too? Would it be a new trend?

**Sriram Khattar:** Well, let me answer this question at a little broader level before I come specifically to Cognizant. See, after the COVID, there are two, three things that have got established. One is that India's digital backbone is very strong. Two, India has a compelling case for cost competitiveness in terms of English-speaking young techies on one side and global quality real estate at a fraction of a cost on the other. So the long-term trend does not change at all.

The other is that we in DLF and my brother in the industry are also seeing a shift from third party IT service providers that too who are -- who have been very extensive in their approach and not focused on one side, the trend moving to global capability centers which are much more stronger and much more sort of sticky.

Now cognizant has had a bad run and in our portfolio they have given up over the years about 30%, 35% space primarily in Chennai, compared to what I understand about 60% space in some of the other buildings that they occupy. Does it impact us? Till now? No. Will it impact us in future? Yes, there will be a marginal impact of five, six months before we lease the place again.

And please understand that as and when say Cognizant vacates are mark-to-market rentals are about 18%, 20%, 25% higher, depending on the location compared to the existing rentals.

**Ashok Kr. Tyagi:** And again, just to react to I mean, we I said what Sriram said, I think a medium term trend you will see is a declining overtime share of the third party IT, ITeS provider with respect to the captive GCCs that I think is just a trend that's just here and you can't deny that.

**Sriram Khattar:** Yes, so just to take this logic a little forward, we have had three new buildings in the last three, four years and you're aware of that. One is Cyber Park. One is Downtown 2 and Downtown 3 in Gurgaon which is 1.5 million square feet. And one is about 3.3 million square feet in Downtown Chennai. The total of these buildings put together is about 8 million square feet, 9 million square feet. And I dare say that we don't even have a single third party IT service provider in the -- this has been predominantly taken up by the global capability centers and the chunks in which to take up is larger. So in these sort of 8 million square feet, 9 million square feet, the total number of tenants are about 30 to 35. And that's a very positive trend that we see in our portfolio.

We also see that the demand that is coming up and the potential employees that are there are quite strong from the global capability centers rather from the third party IT service providers, who definitely take up space but the volumes that they take up are far lower. And what moves the needle is the space taken up by the global capability centers and not by the third party providers.

**Moderator:** Thank you. So we have one more question from the same participant. You're planning to launch 11 million square feet valued at INR20,000 crores. What would be the ticket size?

**Vivek Anand:** Yes, it ranges, it will possibly be in a range of INR2 crores to INR15 crores, I would say.

**Moderator:** Thank you. The next question is the text question from the line of Parvez Qazi from Nuvama Group.

Of the 2.2 MSF expected to be completed in Downtown Chennai in FY '24, how much has been pre- leased? Thank you.

**Sriram Khattar:** Yes, so Downtown Chennai is three towers, totalling to about 3.3 million square feet. We have out of this already pre-leased about 2.8 million, 2.9 million including the some bit of hard options which two very large tenants have there. And so about 400,000 square feet, 450,000 square feet is left to be leased. I think it's been a very positive development and it's been to about five, six tenants only and we are just now starting to plan for the -- we have another 3 million to 3.2 million further to construct there. And we have initiated the process of planning to start the construction of those. It will take a little time for this project to complete, say another eight-odd months and then we should commence the construction of the balance.

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

**Kunal Lakhan:** Hi. Firstly, congratulations on a great quarter. Secondly, when I look at your launch guidance of 11 million square feet versus 10 million square feet last year, considering the overall market is doing so well and I mean, even a peer group like say, M3M clocked record sales this year. So the underlying demand in the market is pretty strong. And we have practically sold out or like, substantially sold out whatever we have launched. The 11 million square feet guidance, are we being again very cautious in terms of new launches here?

**Ashok Kr. Tyagi:** So A, what I'd say Kunal is that, I think especially when dealing with relatively premier end of the market for players like us and maybe a couple of players other others also in the country, maybe it's also high time that the analyst community moves away from its, obsession with the million square feet number. It's a completely irrelevant metric really. We do it because you guys want it. I think, we should be looking at the pre-sales value and most important, the margin that we are going to generate. I think from a margin standpoint really that we have planned to generate by new launches next year, I think, we'll find it. I hopefully have a healthy clip growth for what we did this year. I can do 20 million square feet of colony in New Gurgaon, Indore and Chandigarh, which will which will fill the head, but honestly, those things won't generate money in that format. So I think, we just need to be cautious. Also, please appreciate that in some cases, if you calibrate your launches well, you are obviously doing what you need to do from a sales and a margin standpoint, but there is also price accretion happening in those markets, which really with a little bit of patience tends to pay off disproportionately. The INR19,000 crores we are launching really. 11 million is not the metric INR19,000 crores is the metric that you should look at.

**Vivek Anand:** Also, Kunal, just to add to what Mr. Tyagi said, last year, our average price realization was almost INR15,000 a square feet. And this year, it's improving or increasing to almost close to INR18,000 a square feet, right? So I think it's the way we see it, it's more of a value game than a volume game.

**Kunal Lakhan:** Understood. Just a follow-up on your new launches which you highlighted for '24, I did not hear about One Midtown, is it scheduled for next year?

**Aakash Ohri:** Yes. So One Midtown is this year. In fact, we preponed it Kunal, from Q2 to Q1. So you will most probably, it will be end of -- we planned it end of this month. So it's going on well. One Midtown is the last tower D, rest as you know is already announced. It's going on. Yes, so that in fact we moved to Q1.

**Kunal Lakhan:** Okay. So basically the luxury segment launches would have a 5 million square feet would have 3.5 million square feet of phase 5 and then One Midtown and Chennai luxury?

**Ashok Kr Tyagi:** One Midtown is the part of the inventory of 7,000.

**Kunal Lakhan:** Sure. Secondly, just again a clarification on the rental portfolio. So you did highlight that in the newer projects, what has been the contributions from the third party IT providers, but on an overall portfolio basis, how much would you occupy the third party IT providers and are we worried on that side?

**Sriram Khattar:** I would not be able to give you a figure off hand, but I can just say that the third-party service provider as a percentage of the total portfolio is declining. Are we concerned about that? The answer is no. The reason is that within third-party service providers, it is not that everyone is weak. There are reasonably strong players there also. And to the medium-sized third-party providers who do niche work, like in the area of healthcare or property management continue to do very well. And if any hiccup happens in any sector there in the delivery sector, the reflection of that on the portfolio is minuscule. So if one or two or three or four or five of the weaker ones leave, it does not move the needle on the portfolio as a whole.

**Kunal Lakhan:** Sure. And just a follow-up on that, what would be the March '24 exit rental?

**Sriram Khattar:** March '24 exit rentals should be in the ballpark of INR380 crores to INR400 crores, INR420 crores a month, yes.

**Ashok Kr Tyagi:** So the exit run-rate, on an annualized basis, it will be about INR4,800 crores, INR4,900 crores

**Kunal Lakhan:** Great. Thank you so much and all the very best.

**Moderator:** Thank you. The next question is a text question from the line of Mohit Agrawal from IIFL. Two questions. How is the demand for Camellias, since April and changes to capital gains-loss?

**Aakash Ohri:** Yes. So Camellias demand. Now as you know, we're in the fag end of it, and it's been established pretty well received, good references, everything going on, pretty okay. In fact, the price points that, you may know now, have been increased to INR50,000 a BSP, Basic Sale Price for lower floors, eight and below; nine and 12, about INR55,000; and 14 and above INR60,000, a square foot, plus PLCs and everything else, which basically takes it to about anything between INR45 crores to about INR55 crores an apartment costs. These are the regular ones. And then, of course, the 11,000 on all are, even more. So the demand has been pretty good, and we've been able to kind of maintain our price points also.

So as far as Camellias is concerned, that's been good. With reference to your point about capital gains, I didn't see that much happening in Camellias, the 31st and before. They have two years to invest. So probably that will be there. I don't know. But at this point in time, we've got a very healthy demand for Camellias, which is continuing. And the last, whatever number of apartments that, are left will focus on that also. But the price points have considerably gone up, since we last spoke, to almost about I think INR50,000 a square foot, which is quite a big jump.

And if you all recall 18 months back, the price was INR37,500 a square foot, which is now the same. As I just mentioned, there's anything between INR50,000 to INR60,000. So that's going on. But reference, specifically about capital gains, I haven't seen that kind of a push, from that side. But yes, hopefully, they have the time. Everybody has seen it. As and when their money is come in, hopefully, I think we are on the top 3 call. We are on the top 1, top 2, top 3 properties to be invested in India. So, yes.

**Moderator:** Thank you. Sir, we have the second question from the same participant. How do you see cash flows next year? What do you plan to do, with operating cash flow in FY '24 now that, you are nearly net debt-free? Thank you.

**Vivek Anand:** Okay. Thanks, Mohit, for those questions. So on the cash flows, let me start with collections. So last financial year, we had a good year on the collection side. We collected INR5,300 crores of collections we had, which was almost a growth of 25%. And as I look into '23, '24, I expect the same run rate to continue. So, we expect our collections to grow 20% to 25%, this year. Having said that, as you know, we are scaling up our business. So there is a significant outflow, which is happening, both on the construction and the construction, including the capex side. So we expect our construction outflow to increase by almost 50%, during the financial year.

How do we really plan to utilize this cash? I think, that's something, which is, we've been saying very, very clearly that, our first priority is to put cash behind growth. And we will continue to do that. The second priority is to, really continue to reward our shareholders. And we've done that, this year, as you know.

And the third priority is to really repay the debt. So, I think in that sequence, we'll continue to really allocate our cash, what we generate year-on-year.

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

**Abhinav Sinha:** Hi all. Congrats on good numbers. Just following-up on the previous question on utilization of the cash. So we have large land auction coming up in Gurgaon. Any thoughts on participating in the same?

**Ashok Kr Tyagi:** So, as far as the land auctions in Gurgaon, I don't know, what you are talking about is, the large land auction.

**Abhinav Sinha:** HSIIDC 1 -- The Global City?

**Management:** In HSIIDC…

**Ashok Kr Tyagi**: The Global City, in all fairness, at the price point that, Haryana is talking about, we do not believe, it is a matter of interest to us as of today, frankly. But it is HSIIDC and other Haryana bodies, keep on coming up with localized auctions of interesting land parcels, some of which, we do occasionally participate in. but those are frankly, far smaller numbers. The Global City is not something, we are actively looking at right now.

**Abhinav Sinha:** Okay. Sir, second question on the premium pipeline. So the average pricing that you, sort of worked out only, luxury end is around 25K. Is it fair to believe that, the Phase 5 launch or Crest 2, could come closer to 30K? Is that the right one for us, to look at now?

**Ashok Kr Tyagi:** Yes, I wouldn't want to speculate on that right now

**Abhinav Sinha:** Okay. Sir, thanks a lot and all the best.

**Ashok Kr Tyagi:** Okay. But nice try.

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

**Sameer Baisiwala:** Hi, Thank you and congrats on a great quarter and the year. Just quick two questions. One is, do you have any more land parcels in Golf Course extension, or any plans to augment over there? And second is, in the longer term, how do you think about the retail or the mall portfolio that, you are expanding?

**Ashok Kr. Tyagi:** I'll answer the first one and then defer to Sriram on the second one. So I don't think, we have an active land parcel of any sizable scale on the Golf Course extension road, right now, do we. No. Sorry, we have one more land parcel here, in Sector 69. We also have a very major land parcel closer to the Southern Peripheral Road, which actually runs into like almost a couple of 100 acres, Sameer ji. So those are clearly, both of those are, on the active list of planning right now. And maybe a part of it, could come up in the coming fiscal.

What you said about, are you looking at acquiring more space there. As you know, because of a couple of developers on that -- on the Golf Course extension road, who have been under some degree of stress regulatory or financial. There have been a few land parcels, which keep on coming up through the banking auction system route, etcetera. So at least, there are one or two parcels, which we have been interested in the past, nothing specified yet. And if something does, we'll be more than happy to come in and disclose. But right now as we speak, there's nothing that really is looking at closure.

**Sriram Khattar:** On the retail portfolio, at a macro level, the retail in India is going to be quite robust in the years to come because of this year, economic growth that is taking place in the country. And people moving from -- to the middle class and from middle class into the upper middle class on one side, to within retail, organized retail is going to do better than the retail as a whole. And the percentage of offline sales are -- have not gone up for the last 2 years and 2.5 years, and I don't see them, going up either.

So organized retail in good locations has in our view, a very bright future. And if I can hazard to take a guess on the market as a whole, retail as a portfolio, in terms of growth will do equal to or better than the growth of the offices portfolio. And that's why, we embarked on this journey of about 18 months back on doubling our retail portfolio from the present, about 4.5 million square feet to about 9 million square feet.

**Sameer Baisiwala:** Sir, you will retain the retail portfolio within DLF, or would there be plans to split it off? And to the earlier answer, so there's a couple of 100 acres of land, Southern Peripheral Road, you mentioned, which sector is that?

**Ashok Kr. Tyagi:** Yes, So I know there's 74, 76, 77. So in all sectors, there it is. And there's also, some part of it is, commercial, large chunk of it is residential. It's a combo of both residential and commercial also.

**Sameer Baisiwala:** Okay. Got it. Yes. And just on the retail portfolio, sir?

**Ashok Kr. Tyagi:** So, on the retail portfolio. The retail portfolio that, we are developing in the DLF side, you're right. Most probably, we would want to transfer it to hopefully Cyber City. But as you know, that's a decision that, has to be taken jointly with our shareholders, GIC. So frankly, right now, we are developing it, once it's complete and leased out, so that a clear cap rate-based transfer price can be worked out. At that time, we will engage with Sriram and GIC, on trying to transfer that. If they will not buy, at that time, but hopefully, they will.

**Sriram Khattar:** But for clarify, out of the about 4.5 million to 5 million growth, 2.6 million to 3 million is within the DCCDL portfolio. What is outside the DCCDL portfolio is about 1.4 million, 1.5 million.

**Sameer Baisiwala:** Yes. Got it, sir. Very clear. Thank you.

**Management:** And today, Sameerji, like MS Dhoni, you dropped yourself down in the batting order.

**Sameer Baisiwala:** Yes. Next time, I will try to do it better.

**Management:** I mean, Dhoni, like you, makes a huge effect at the end also.

**Sameer Baisiwala:** Thank you,

**Moderator:** Thank you. Ladies and gentlemen, that was the 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 Kr. Tyagi:** So, thank you once again, everybody, for taking out time on a Saturday and coming up and having a very nice chat. Some of you, who have been with us for a long time, I think really, to some degree, for a long time, there were a lot of business strategies that, we have been trying to pursue. We had our tough time, where you know, through the last decade in many years, both events local to us, as well as macro to the market.

That's what it does appear that, we are now hopefully hitting our peak stride both in the DevCo business and in the RentCo business. And the RentCo business, we hopefully run possibly, with the best office and retail portfolios, that exist right now. And our DevCo team, we are hitting a good stride now. And hopefully, our debt problem is conclusively behind us. And the cash generation is now happening on a regular basis.

We just hope that fiscal 23-24, we can sustain the gains that we have made in the last fiscal and continue to strengthening ourselves on these things and the market holds up, even the interest rate cycle, which at, one time was sort of beginning to loom in as a major challenge. Hopefully, if not at the peak, we are possibly closer to the peak than, we have been in the last 12 months. And at some stage in six, nine months down the line, things should begin reversing. So really, both from India really is, on the cusp of a very major economic upswing. And hopefully, the real estate sector in both offices, retail and residential, should all benefit from it. So really, with that optimism, I thank you again, and thank you.

**Vivek Anand:** Thank you.

**Sriram Khattar:** Thank you.

**Aakash Ohri:** Thank you.

**Moderator:** 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.