"DLF Limited Q2 FY23 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to DLF Limited Q2 FY23 Earnings Conference Call.

We have with us on the call, Mr. Ashok Kumar Tyagi – 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 participants' lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. 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, and a very good morning, and welcome to DLF Limited Quarter Two Financial Year 23 Earnings Webcast. I know it's a Saturday morning. So, thanks for joining us early on a Saturday. I would like to start by wishing you and your families a very Happy Deepavali.

Moving on to the results.

We continue to perform consistently across all parameters in line with the guidance. I will now first talk about the financial highlights for Quarter Two Financial Year 23 which is DLF Limited consolidated results. Consolidated revenue stood at 1,360 crores. Gross margin improved to 60% driven by superior product mix. EBITDA stood at 495 crores with margin improving this quarter to 36%. Net profit at 487 crores, reflecting year-on-year increase of 28%. This was primarily due to higher JV profit and significant reduction in the finance costs.

Housing demand continued to remain buoyant during the period. The luxury segment continues to witness sustained demand with a clear shift towards larger homes. We continue to experience further consolidation across the industry in the backdrop of changing consumer preference towards quality offerings from large and credible players.

The interest rate hike was on expected lines. We continued to closely monitor these developments; however, have not experienced any material impact on housing demand so far. We remain confident that our product offerings will remain the preferred choice for customers and will continue to perform well.

Our residential business delivered a steady performance and clock new sales booking of Rs. 2,052 crores reflecting a year-on-year growth of 36%. Cumulative new sales booking for First Half Financial Year 23 stands at 4,092 crores in line with our guidance. We believe that our well thought out strategy of bringing low-rise developments across multiple geographies augurs well in the current market.

We launched three new products across multiple price segments and geographies during the previous quarter. The Grove in DLF 5 Gurugram, the Valley Gardens in Panchkula, Garden City

Enclave Independent Floor in Sector-93, New Gurugram. All these new launches witnessed encouraging response from the markets delivering cumulative sales of 1,315 crores during the quarter. The Camellias, our super luxury offerings, has consistently proven to be the preferred choice. Sustained momentum of demand for this product led to incremental sales booking of Rs. 473 crores during the quarter.

We remain optimistic about the inherent demand in housing given the changing aspirations of consumers for high quality, efficient design products being offered across established ecosystems and continue to work to offer new products across segments and geographies.

Surplus cash generation during the quarter stood at 409 crores, before net outflow of Rs. 292 crores on account of increased dividend payout. Deleveraging remains a focus area, and consequently, our net debt stood at Rs. 2142 crores at the end of the quarter.

I'll now move to the financial highlights for Quarter Two Financial Year 23, DLF Cyber City Developers Limited consolidated results. The office portfolio is exhibiting steady recovery with improvement in occupancies. The buoyancy in the retail business continues. Rental income grew 20% year-on-year, driven by a strong growth in retail revenue, which grew 54% and office business, which grew 14% during the period. Consolidated revenue of Rs. 1,369 crores reflecting our 22% year-on-year growth.

EBITDA stood at 1,046 crores, year-on-year growth of 21%, net profit at 355 crores, reflecting year-on-year growth of 54%. We continue to witness a steady upstick in occupiers' attendance currently at 67% across the portfolio along with gradual recovery in our leasing momentum. Office occupancy levels have moved up to 89% during the quarter up by 1 percentage point.

The first phase 1.7 million square feet of our next generation workplace DLF Downtown Gurugram has commenced operations and has now started contributing to the rental portfolio. Its unmatched location and our ability to offer an integrated safe and sustainable ecosystem has once again scripted a success story. The office area for this asset was completely released even before commencement of operations.

We continue to have a positive outlook towards the office business, and hence continue to judiciously put our CAPEX to feed growth in this business. We have initiated development of an additional office block in DLF Downtown Gurugram. The development of DLF Downtown Chennai remains on track.

The retail business continues to exhibit healthy growth. Footfalls and consumption trends exhibited strong momentum. Sales growth has been better compared to pre-COVID levels, and we expect similar trend in the near future given the sustained demand and the upcoming festival season. We remain comfortably poised to deliver our business goals, which is well supported by sustained housing demand, quality offerings, and a healthy balance sheet.

This completes the results update. Thank you very much. We can now open the floor for Q&A.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of foreign my first question is Kunal Lakhan from CLSA. Please go ahead.

Kunal Lakhan: My first question is on Slide 15. So, since we have launched about 4.5 million square feet in first half, and the second half we seem to be launching about 3.1 million square feet, second half which usually is a stronger period seasonally, so how should we look at this? Like, would we look at upfronting some launches from '23 or beyond period to the second half? Or you know, how should we look at this, and if you can give some commentary on the sales trajectory also in the second half?

Aakash Ohri: So, as far as the H2 is concerned, I think what we are doing is we are going to be maintaining our guidance as to what we had mentioned to you all. Because what happens in a situation like this is that what you are seeing right now is already being pre-planned to execute and deliver. And therefore, the entire machinery then goes into putting that whole launch together. So, we have good visibility and pipelines and launches for Q3 as well as Q4. Q3 you will see a launch, another launch in Panchkula, and Q4 we are preparing for the big high rise launch the 63, which we will talk to you after this quarter.

And as far as the trajectory is concerned, I think we are maintaining the strike rate as we had suggested or promised. Over and above that for us to propone launches of the next year, I don't see maybe a reason right now in the most immediate future, but we've got things lined up for should we require things to happen before we have the I'd say infrastructure to support it and the five part to kind of execute that. But as of now, I think we are working to our plan and we'd like to maintain that.

Kunal Lakhan: Just a related question on that, Aakash. So, on the Phase-5, right, we launched the Grove and we sold it out in a fortnight. How should we look at the subsequent phases coming through in Phase-5? What could be the timeline for say a Crest Phase-2 or some things on similar lines?

Aakash Ohri: So, DLF 5 as we call it, for this year, I think we are done with DLF 5's launches. We will next year obviously in one of the quarters, we will announce the Crest 2 that you are referring to, but at this point in time, I think if you see the spread and how we've been working is across geographies. So, right now the focus is going to be Panchkula, and then it will move to the Golf Course Extension Area. Coming back to DLF 5, we will announce it hopefully after Q2 next year, but we will give that guidance before the year starts. So, you will have it much before.

Ashok Tyagi: So, Kunal, you know, just to supplement what Aakash said, I mean, before launching a major high rise, like be it in all the Golf Course Extension Road or on the Golf Course Road, we need three or four quarters of intensive preparation, not only in terms of approval, but also in terms of awarding of contracts, foundation of BOQs, beginning of at least the subsoil construction work and all of those things. So, we have been on the Golf Course Extension project for the last two or three quarters, and I think now we hopefully executed enough to have a launch in the next quarter. And similarly, hopefully, you should see a Phase-5 high-rise launch sometime in the later half of next year if all goes well.

Kunal Lakhan: Sure. My second question was on the collection side. So, last four quarters we have been clocking 2,000 crore plus of sales consistently. And you know, considering like the new launches that we have done have much shorter monetization period or construction period of 18 to 24 months, right. So, somewhere like your collection run rate has to catch up with sales run rate. When do you think that will happen when, you know, when we can reach 2,000 crores of collection run rate?

Aakash Ohri: So, most of the collections as we had even planned within the system are being done as per plan. If you pull out the four quarters collection date also, you will see it's at par with what the planning was earlier. With regard to collections at par with sales, this only happens with the construction schedules and that you call for money based on that.

So, if you have seen, you know, this is a little bit of a I'd say a dangerous call to do because, you know, you need to give the customers a little bit of a breathing space before they actually get into the habit of paying. We are the most aggressive in our calling if you have seen our payment schedules compared to anybody else in the country. We take a substantial part, almost 25% and above most immediately in the first quarter alone.

So, therefore, I think that is the rate that we want to, but I don't think calling money more than that right now kind of unnerves the investor and the customer because everybody is doing their financial planning. Also, the banks kind of disperse money based on, you know, how they want it, and we have kept that. The collection, I don't know, Vivek say that, but I don't think I would like to keep the collection pace more than what it is today also because you need to give that comfort factor to the investor, you know. But I think that's the pace that we have been doing but let Vivek answer.

Vivek Anand: Good morning, Kunal. So, I think, first of all, on the sales rate of 2,000, when do you think our collections will catch up? So, first message I want to give is that that 2,000 crores of sale includes the One Midtown sales, right? And when we look at the collections, we look at the collections which are without One Midtown. That's separate. So, therefore, the two are not comparable, but let me also answer that how our collections are picking up and what, how does I see the collection in the second half? So, the first half collections have grown by 15% over the same period last year. So, clearly, there is a pickup in collections. Point number one.

Second half, we expect the collections to significantly move up. Right? That's as per our plan. As the projects which have been launched are getting closer to their construct, their end, construction phase end, right, we will be raising demands this quarter and next quarter. And hopefully, that should get collected within 30 to 60 days. So, we will see collections improving, and we are moving up significantly in second half versus the first half. But will it be 2,000? I don't see that. Right? But yes, there will be a significant upside in the collection.

Kunal Lakhan: That's very helpful. Thank you so much and wish you all a very Happy Diwali in case I don't get a follow-up question. Thank you so much.

Moderator: Thank you. The next question is from the line of Saurabh Kumar from JPMorgan. Please go ahead.

Saurabh Kumar: Sir, a few questions. So, first is, you know, on your opening comments, you mentioned that mortgage rates are not having an impact, but maybe that was the last quarter. You have already seen the rates go to 8.5, and with the risk that this goes to 9.5. Would you still be confident that demand will not be impacted if rates move to the 9, 9.5% handle? And also, ex of Camellias, how many, how much of your customers would end up taking mortgages, if you can, if you would have a ballpark idea?

Aakash Ohri: So, as for the mortgages are concerned, Saurabh, that I have seen a trend that people are getting into or, you know, diluting their mutual fund or other Investments to route their monies back into the new sales. I have seen this trend over one year, Saurabh. I have been monitoring this closely, also because I work very closely with the banks with our launches. And I have seen a certain amount, so, let's say, if I can give you an example of one of the recent launches, the bank mortgages or the call for that was just about maybe 15% so far, you know, compared to what these guys have in hand or whatever.

But to answer your first question, see, it's an opportunity cost. At that point of time, if you actually see what these people are going to be investing in, I'd like to answer it in a different way what I am reading over the last two quarters. And I don't think we can completely negate the interest issue, but what I am seeing is that we are the preferred investment category right now. And when I say we, I'm talking about DLF. I am not talking about the industry right now. So, I am seeing that happen where people are consciously breaking or moving their other monies towards us. So, whether that in the near future is going to impact, I don't think.

Again, I don't want to speculate, but what I am seeing a trend where, you know, it's like a Ghar Waapsi for a lot of people coming back to the DLF way of, you know, investing and everything because of the commitments that we have done over the last I think two, three years, we have demonstrated that we have finished projects. We have given people back money should they need it. You know, a DLF investment is almost like a liquid fund today. So, even if people were wanting to exit, we never kind of held back. We continue to move on. We demonstrated a lot of strength. So, the nearer, the bank rates have been going up if you see over the last two quarters also, but I think the customers are right now thankfully very focused in investing with us, and they are looking forward to this.

The second thing that I am also doing is I am stepping up on the NRI plan. If you have seen our mostly our NRI investments are between 12 to say about 14 odd percent where it has a potential to double. So, therefore, you will see an aggressive outreach starting November where we have just had two very successful outreaches in Dubai and Singapore. So, I see that particular thing also changing because December onwards, December to February, there are a lot of NRIs who come and visit the country. So, I feel that that is something that we would like to go pitch in advance and then wait for them to make investments or come and do that. So, it's not only a

Camellia centric story, but I am seeing this across the board, and I feel that the customers today prefer to be with us rather than investing in other asset classes. So, I am seeing this very clearly, Saurabh.

Saurabh Kumar: The second one is, you know, Vivek, on the pricing. So, your pricing across projects, we have seen much better than, you know, what we would have estimated at the point of launch. The Grove is 22,000. Camellias is now 45. Even your Panchkula is at 8,400. So, should we expect that now these stable state margins at DLF maybe one, one-and-a-half years out move to a 40% range to from 35 odd? Or do you think a large part of these gains get reinvested back?

Vivek Anand: You are referring to EBITDA? You are referring to gross margins?

Saurabh Kumar: EBITDA.

Vivek Anand: EBITDA. So, see, EBITDA this year also I talked about, Saurabh, that we will be somewhere close to the range of 35, 36%, and going forward next year, I think we will surely maintain that percentage, and we will surely build on that.

Saurabh Kumar: But on incremental sales, will it be fair to assume that the margins are higher than 35?

Vivek Anand: I think it's a mix, Saurabh. So, yes, we will have to really look it as a bucket of new launches, right? In some products, yes, the margins are high. Some are low, but on an average, right, we are really making sure that we maintain our margins.

Ashok Tyagi: The second point, Saurabh, which will also drive the EBITDA is that, you know, to scale up our business, there's been an upfront investment in costs and the overheads which may, you know, for an 8,000-crore annualized sales level has a certain EBITDA there. Hopefully, at a sales level which is higher in the following year and the cost level is broadly remaining the same, that should also add a couple of percentage points to the EBITDA margin because that gets diluted. Now what has happened there'd be this added costs in anticipation of scaling up and scaling up is happening now.

Vivek Anand: And also just to add , once these new launches which we did in second half of financial year 2021, once we start issuing possession letters, right, our revenue lines actually grows, right? That will also help you generate a better margin.

Saurabh Kumar: And sir, last question is on DCCDL. So, this quarter-on-quarter growth we are seeing, that's the contribution of the new downtown block. Will that be fair? Or is there any organic element to it as well? And secondly, the downtown difference with the Cyber Park, there's a 25% differential in rents. What would you attribute it to, because the building quality will be similar? Is this just market definition we have seen in Gurgaon? Or, I mean, is there anything else to read into that?

Sriram Khattar: Hi, Saurabh. Your first question on organic versus growth from USA, organic growth is definitely there. In retail, you have seen a major bounce back compared to the same quarter last year and even compared to the first quarter of the current fiscal. In offices, we are now seeing the rentals getting steady to a marginal growth in the new rentals that we are doing. And therefore, the growth that you see is a combination of organic growth and inorganic growth coming from the new products, basically Downtown.

On Downtown, the rental increases are there, because the time of completion of 2 and 3 Downtown compared to Cyber Park, there is a gap of three years. So, if you just take a normal annual growth, you have about a 15% growth, one. Two, very clearly post COVID, the large multinationals are showing at the following two or three trends.

One trend is that they are definitely moving to more quality assets, especially in IT parks, which give them an opportunity for further expansion and growth over the years.

Two, there is no more their requirement of a grade A property. They are definitely looking at a grade A++ property. And three, the emphasis is much more on sustainability, wellness, the social infrastructure etc., which we have been emphasizing in our office developments for the last five, seven years, and these have held us in good state. And therefore, Downtown, which is now fully leased, has rentals which are about 23, 25% higher than Cyber Park.

Vivek Anand: So, in terms of, Saurabh, your question of in terms of office growth of 14% year-on-year, Downtown's contribution is almost 4% out of 14%. Then we have new leases contributing 5%, right? And contractual escalations around 5%. That's broadly the breakup of 14%.

Saurabh Kumar: Thank you, sir. This is very helpful, and Happy Diwali to all to you.

Aakash Ohri: Saurabh, one more thing. Camellias has been almost touching 60,000, not 45.

Saurabh Kumar: So, that's a good Diwali gift for all your and all your investors.

Vivek Anand: Yes. And to you. Thanks. Happy Diwali.

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

Sameer Baisiwala: Good morning everyone. The first question is on DCCDL. We have got 19,000 plus crores of debt. So, how do you see the interest rate impact over next, you know, 12 to 15 months?

Sriram Khattar: This was a question which we answered in the last analyst call also. It is very difficult to accurately forecast where these interest rates will go. There is the market buzz is that there will be an increase of 35 to 50 basis points between now and March, but if you take a little conservative estimate, the impact at a PAT level will be between 50 to 80 crores for the full year.

Ashok Tyagi: Sameerji, what, I mean, basically, and in fact, Vivek will then elaborate on this. Broadly, you know, the repo has gone up by 1.9 percentage points in the last whatever six months, and broadly what the team has been able to do led by Vivek and the Finance team in Cyber City is to restrict the impact on Cyber City to about half of it.

Vivek Anand: So, this 190 basis point increase in repo in the last five months on a gross rate of 20,000 crore theoretically translates to an impact of close to 400 crores at a PBT level, but this year what we have been able to do is to restrict the impact to a little more than 100 crores at the PBT level. So, there are series of steps what we have really taken in terms of renegotiation, refinancing which has really helped us.

Sameer Baisiwala: So, the question is how much of this is fixed versus variable? And therefore, you know, can we say that the impact can be 100, 150 basis point in say fiscal 24 based on your internal workings? And my fear here is that whatever the rental growth that may come say three, 400 crores, a lot of that gets digested by this increase in interest cost.

Sriram Khattar: So, the fixed rates, the fixed interest portfolio in this 1,900 crores is about 15, 16%. However, now we are starting to work with the banks which give us these rental discounting, which in by their very nature are much more long term to try and see if we can fix the interest rates for the first two years or two-and-a-half years and then they go back to floating. And the Treasury teams are working on this. Next year's impact at a PAT level could be about 100 to about 150 crores depending upon how we exit this year. And yes, it will have an adverse impact to the PAT compared to the earlier interest regime, but I think this is something which you have to take in our stride as you go ahead. We have had two very, very good years of interest rates going down, and probably we see interest rates at a little elevated level till FY24 before they start sort of tapering off again in FY25, 26.

Sameer Baisiwala: That's very clear. And just to be sure you said 15, 16% is fixed. So, 85% is floating at the moment.

Sriram Khattar: Yes, but, you know, I would just like to add one thing here. When we talk of fixed, we generally have to approach the capital markets for that, whereas the variable of floating rate is available from the banking system. The banking system is much, much more flushed with funds than the capital markets for fixed rate instruments. And therefore, the banks which have healthy balance sheets now are very competitive in the rates they offer. So, therefore, in my personal view, just to compare a fixed versus floating, to take a call will be difficult because of the liquidity conditions in the banking and in the capital markets.

Sameer Baisiwala: Very clear. Sir, quick two more questions from my side. One is on the residential side. Clearly, the demand momentum has been good, but this is a cyclical industry. What are the one or two key risk factors that you see that can, you know, moderate this demand?

Aakash Ohri: So, with regard to the present demand, I am seeing a lot of business coming in from actual users, and that has completely changed the dynamics, I can tell you today. So, I am not seeing, at this point of time, I'm not seeing, I mean, I'm seeing the investors, but I am seeing them in lesser proportions.

So, what I feel is that right now over the next a year at least, I am seeing a lot of pent-up demand, but pent-up in a way that people had been deferring, and now people have come down to earlier they were living in homes that were rented or even otherwise not to their liking. But I am right now seeing a trend where people are actually spending a lot of time, and I am saying this because if you see our launches, there were times where during launches, people won't even come to sites. Their brokers and intermediaries would run around, fill up forms, get everything done, and we are done.

But I am seeing this change because whether it is a Midtown, whether it is a floor in phase 1 to 4, whether the DLF 5 grow, whether it is even the new Gurgaon launch that we just did, the Garden City Enclave, whether it was the Valley Garden in Panchkula, I am seeing today that people are not only visiting once but spending a lot of time contemplating, deciding, looking at the orientation and so on and so forth. So, yes, I understand it's cyclical, but, you know, we have just come back after 10 years. At least give us some more time because, you know, the resi business if you see, you know, the last three years, there has been quite a robust demand, but this is not the frivolous demand that used to be earlier.

So, this is not something that can be passed around is what my personal experience has been over this last I would say even six quarters if I can say to you. Earlier I thought it was just maybe a Camellias story, but then as I traveled, I saw Chennai, which was an average ticket size of maybe starting at just about 40 lakhs or, you know, every customer today, whether a mid-level or a high level customer is spending a lot of time making sure that they are buying something that they like. You know, they can't be pushed around anymore. It's not that you have got the second floor, so I can shove it down. So, what I am seeing right now is I can safely say that I am seeing a genuine demand right now. So, that cyclical nature right now is not something that I would like to, I will keep in the back of my head right now since you mentioned it. But initially, I mean, right now it doesn't bother me.

Vivek Anand: And if I were to add to, Sameer, to your question, I will say possibly one of the things which we are keeping very close is the interest rates. I think Kunal asked this question earlier. But I think if I really, and that was something we all are at this point in time watching it very, very closely.

But if I really look at last three launches we had in the previous quarter, right, these launches were in three different geographies at three different price points across different segments of our customers. I think we have got a very good response. So, sometimes it's difficult to really predict what is working, what is not working.

And if you really see, we are sitting on a repo rate. In fact, repo rate has now touched 6.9 faster than what all the banks had projected sometime in April and May. So, despite that we are seeing that the demand stays as strong as it was before. So, therefore, yes, while interest could be one big watch out, but I also feel that all the other fundamental demand drivers continue to play well at this point in time.

Sameer Baisiwala: And with your permission, one final quick question. Your intent to generate free cash flow every quarter, whether small or big, I mean, that intent remains, right?

Vivek Anand: Yes, absolutely. That intent remains. Yes.

Moderator: Thank you. The next question is a text question. We have lost the question from Mr. Mohit. We will move on to the next question, which is from the line of Pritesh Sheth from Motilal Oswal. Please go ahead.

Pritesh Sheth: Thanks for taking my question. So, firstly, just are we all set to launch the last tower in one Midtown this quarter or its next quarter?

Aakash Ohri: No, so it's scheduled for Q1, but we may prepone it to Q4 because right now as Mr. Tyagi was also saying that a lot of preparation goes towards making the, I mean, working for a new launch, which is a big launch as you know which is in Gurgaon, the high-rise we were talking about. But the collections and the process there in Midtown is thankfully quite stable right now. So, right now what we are going to be doing is because there will be a price increase also with this.

And just to give you a quick background of what's happening in our adjacent property, the Capital Green which abuts the Midtown, we have almost in the Phase-3 reached a realization. Not we, our investors, our customers have already almost reached a Rs. 30,000 a square foot realization, whereas we right now are selling Midtown the third Tower C was sold at about 23,500. So, I feel there is a tremendous amount of opportunity here for everybody to invest there. Whether we want to get in now and realize it or we want to stick to the Q1 plan is something that we will, I think we will decide in Q4.

But at this point in time, I think, again, as I say, we would like to work through that plan because we have seen this. Every time we rush into something, obviously, there's something gets left out. But if we can just maintain this, iterate and work to our plan, I think because, you know, the entire machinery starts to work pre-launch, pre-approval. First the concept, this and that. So, it's just the gestation period for that, and within the company everybody has to align themselves for that particular long. So, I think the concentration will be here but should push comes to shove and we need to do something there, we will. We are ready for a Q4. We are ready for a Q1.

Pritesh Sheth: And just a follow-up on residential. So, I think for next quarter, since Grove is fully sold out, so we already have probably 1,500 crore of visibility for next quarter, right, in terms of, I mean, I guess that project was around 1,800 crore and we have booked 300 crore from that project in this quarter in Q2. So, given that we have a strong visibility, and there are two big launches that are coming one next quarter on Panchkula and in Q4, there would be high rise, so shouldn't, I mean, aren't you more confident that we can do more than 8,000 crore of sales and given the visibility we have, we need to upgrade our guidance or you will still remain cautious given the environment and stick to that 8,000 crore?

Aakash Ohri: Will remain cautious given the environment. We don't know how everything is going to pan out, you know, seeing what UK is going through and everything else. So, I see again, we are right now at this point of time, I would rather we all be cautious because I think that's the plan we all kind of discuss and set ourselves to do. Yes, if there is opportunity to grab more, you have my assurance that we will leave no stone unturned to do that. But at this point of time, I think the, I'd say the external environments right now is there are too many variables going on. So, if we just keep our head down and continue to at least work to our plan is what I feel that we would like to do.

Ashok Kumar Tyagi: So, I think we internally definitely feel confident that we can hopefully beat the 8,000 guidance, but given all the externalities including the interest rate, I think right now from external standpoint, we like to conclude the guidance of 8,000 that we have given with hopefully an upside risk to it.

Pritesh Sheth: And one last in terms of high rise, we already have one in plan and Crest 2 would be next year. What all are the other high rises that are already included in a launch pipeline that we have slated? I guess there is one more in Chennai if I am not wrong, and any other let's say in new Gurgaon that you already have?

Aakash Ohri: So, yes, there is Chennai coming. We are all excited about it. That's going to be the first luxury development in Chennai right in the heart of the city which will be in the lines of Crest, Crest Plus. So, yes, Chennai, you know, we are, you know, happy to go back there with this particular product, and there will be something in Gurgaon. So, yes, so right now if you have seen given the portfolios are pretty balanced with low rise and high rise, and I think that's what you will see from us going forward, because there is thankfully a market for low rise, and there is a market for condominiums which when we started off, we want, I mean, there was skepticism all around. But I think if you have seen the results and the acceptance, I think there is now it's reasonably established that there are both these markets can work concurrently. So, I think that's what we will do.

Pritesh Sheth: Very helpful, sir, but that would be next year, right?

Aakash Ohri: Yes, next year.

Moderator: Thank you. The next question is a text question from Abhishek Lodhiya from Yes Securities. And the question is, if I heard rightly from Vivek sir, that collection of Rs. 1,252 crore doesn't include numbers from Midtown, then what is the collection run rate at Midtown and for this quarter? Thanks, and Happy Diwali to DLF family.

Vivek Anand: Yes, Abhishek, you heard me correct. The numbers what we report are DLF numbers, and we don't include the JV numbers when we report the collection numbers. So, as of September, we have collected close to 400 crores in the JV, and this quarter our plan is to collect 450 crores. As the construction commences and as we are raising demand, we will be having a good upside on collections this quarter.

Moderator: Thank you. The next question is again a text question from Nimit Gala from Ace Landstone Investments. And the question is, hi, team. Any update on REIT timelines? Or is there a change in plan may be due to high interest rate regime and rise in cap rates? I see no mention in the investor presentation.

Ashok Kumar Tyagi: So, there is no change in the plan or the direction. And I think both GIC and we are reasonably committed to the entire thing, but you are right. Given the high interest rate scenario currently going on and the overall uncertainty, you know, frankly, I mean, this obviously is not the best time for a new REIT, testing a REIT potential of our size to come into the market, but we are sort of reading all our firepower to it. And then hopefully, you know, as the market sort of temper and both the shareholders decide, we will bring it to the market, but yes, not in the immediate short term.

Sriram Khattar: So, I will take the liberty of adding one more point to what Ashok mentioned. See, unlike the raise in the capital markets, our raise is not because we need the money, and we in our planning have been reasonably self-sufficient last two, three years and planned to be so in the next two, three odd years where our business cash flows are adequate to service our debt and still give healthy dividends to the shareholders. The raise is only to bring the portfolio in the capital markets, and if I am maybe a little immodest, it's going to be the biggest portfolio, and therefore, we have to do it carefully and ensure that the investors get the best bang for the buck. So, while as Ashok mentioned, our preparation is going on in full steam, it is not that we are under any pressure to do it soon.

Moderator: Thank you. Ladies and gentlemen, this was the last question for today. I now hand the conference over to Mr Ashok Tyagi for closing comments.

Ashok Kumar Tyagi: So, thank you. Once again, you know, apologize for getting all of you out on a Saturday morning. I think this has been a good quarter, and clearly, I think we are hopefully getting on to a consistent, you know, good cycle across the industry, across all the three segments of the industry which is residential, offices and retail. Hopefully, to the point of simplicity, you know, I think we are hopefully still at the early stages of an upcycle, and in the offices business actually emerging from a significant down cycle of the pandemic.

So, you know, hopefully we still have a few quarters of potentially good external cycles. As you have seen, the organized players are the ones gaining share in both the residential and the commercial spaces, and we see that trend to continue, or we continue to stay focused on generating free cash flows in both the residential and commercial segments, and they are obviously deploying them in the residential segment on deleveraging, in the commercial segment on CapExing. And I think, hopefully, our strategy which, you know, over the last few quarters was still sort of bits and pieces is now coming together and delivering on a consistent basis and hopefully, you know, continue being on this journey for the future as well. Thank you once again.

Vivek Anand: Thank you, and a very Happy Diwali to all of you.

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