



Q3 FY15 Analyst Presentation

February 9, 2015



SAFE HARBOUR

This presentation contains certain forward looking statements concerning DLF's future business prospects and business profitability, which are subject to a number of risks and uncertainties and the actual results could materially differ from those in such forward looking statements. The risks and uncertainties relating to these statements include, but not limited to, risks and uncertainties, regarding fluctuations in earnings, our ability to manage growth, competition , economic growth in India, ability to attract and retain highly skilled professionals, time and cost over runs on contracts, government policies and actions with respect to investments, fiscal deficits, regulation etc., interest and other fiscal cost generally prevailing in the economy. The company does not undertake to make any announcement in case any of these forward looking statements become materially incorrect in future or update any forward looking statements made from time to time on behalf of the company.

Performance Scorecard

Sl. No.		Target	Achieved YTD FY15	Details
I.	Sales Volume			
	"DLF 5"	1.5 msf/ yr	0.49 msf	
	New Gurgaon	2.5 msf/yr	0.07 msf	
	National Devco	3.5 msf/yr	0.80 msf	
II.	Leasing			
	Office	1-1.5 msf	1.36 msf	
	Malls			
III.	Completion		11.92 msf	
IV.	Net Debt		20337 crs	

Sector Specific Developments / Outlook..

- Central Government's initiative to move ahead with the economic agenda has been visible. During last few months -
 - REIT Regulations notified by SEBI, although detailing in the ICDR is yet to be issued
 - ✓ Relaxation in FDI norms in construction notified through Press Note 10
 - ✓ Ordinance amending the Land Acquisition Bill passed
- Demand scenario in most micro-markets continues to be muted; in some micro-markets it seems to have bottomed out
 - It will take another 12-18 months for normal conditions to return
- Better outlook in the commercial office segment as
 - Over supply has been absorbed and no fresh supply has been created given the economics based on current rentals
 - With business growing especially e-commerce based businesses, rental rates are expected to remain firm or move northwards
 - The economic equation has to change before fresh office space gets created given the current costs of construction
 - Revival of consumer demand will give further fillip to well located, well managed retail malls

Legal Update...

- SEBI Order:
 - Status – The Company had filed an appeal with SAT, against the SEBI order banning the Company from accessing the capital markets for 3 years. SAT has concluded the hearings in the matter.

- CCI :
 - Rs 50 crore deposited with Supreme Court on the SC's directions, and the balance is being deposited in a monthly instalment of Rs. 75 crore starting January 2015. The Company has deposited Rs. 225 crore till date. Total amount to be kept in an interest bearing account, to be eventually settled as per the final order of the Hon'ble Supreme Court

- 350 acre Wazirabad Land parcel :
 - The Hon'ble Supreme Court has admitted the Company's appeal against the order of the Hon'ble Punjab & Haryana High Court and ordered status quo.
 - Till date, the Company has paid approx. Rs. 1000 crore towards the land parcel including interest.

Based on the advice of independent counsels, the management believes that there is a reasonable strong likelihood of succeeding in various judicial forums. The Company and its legal advisors believe that it has not acted in contravention of law in any of the legal matters pending before various judicial forums. The Company has full faith in the judicial process and it confident of vindication of its stand in the near future

Committed to our Strategy And Goals

In February 2013, the Company had articulated a medium term plan. Despite adverse market conditions and constraints due to regulatory/legal pronouncements, the Company remains committed to achieving its goals.

- Despite 'continued' soft market conditions in certain micro-markets, the Company continues to focus on creation of finished product which can be realized for better value when the market conditions improve. The Company has launched the Second Phase of Crest in DLF 5 in Gurgaon.
- With the REITS around the corner, form 2 REIT platforms to tactically monetize almost 30 msf of commercial assets thereby, increasing cash flows and reducing debt
 - Create 2 REIT platforms next year – one for Office and the other for Retail; target first filing within fiscal year 2016
 - In dialogue with both strategic and financial investors who may have an interest in partnering with DLF in this foray
- Target highest quality and safety standards
- Net Debt of DevCo expected to stay range bound (+/- 1000 crore) in the short term. Attributable Net Debt to RentCo will continue to increase as RentCo Rentals/ Capex grow. Target remains to maintain and reduce Devco Debt through improvement in Operating/ Monetization Cash flows and to reduce RentCo debt through Capital actions through REITs.

RentCo Business – A Strategic Review

- By end of FY15, the Company is on target to achieve an annuity income run rate of Rs. 2,400 crore (approx) on an asset base of 30msf (approx)
- As REITs become an imminent possibility in the near term, the Board has appointed a Committee of Independent Directors to do a strategic review of the RentCo business so that best value is extracted from the investment assets that have been created over last 6-7 years, including the resolution of the Promoter CCPS
- The Committee of Independent Directors have appointed 2 investment banks, namely JP Morgan and Morgan Stanley to advise them of the best possible path going forward which will create sustainable, long term income for DLF and its shareholders. Such options include:
- Fully integrate the DLF Cyber City Developers Ltd “DCCDL” [entity which owns substantial portion of leased assets] into DLF
 - Create one or more sizeable REIT platform in FY16.
 - The above will enable the Company not only to recycle capital for future Capex for growth, reduced debt from DLF’s balance sheet but also substantially increase ROE’s.
 - Create long term free cash flows for the Company in the form of dividend flows as holders of REIT units and fees from the management of the same
- To achieve the above, the Company is in dialogue with various global players, both strategic and financial, who may have an interest in partnering/participating with DLF in this foray.
- The exercise to integrate DCCDL has been impacted by the SEBI restrictions imposed in Oct 2014.
- The Committee of Independent Directors shall await the Budget 2015 tax proposals and SAT decision before taking a call on the strategy forward.

Current Outlook

■ Sales

- Shall take atleast 12-18 months for the sales momentum to revert to targeted levels as articulated in Feb 2013; the key factor would be the GDP growth
- Sales volume in most geographies shall continue at a moderate pace similar to FY14 and YTD FY15.
- Sales in DLF5 better than rest of the micro markets. Actual users continue to purchase. Next Phase of Crest launched
- As 'normal' sales momentum is still some quarters away, the Company is in dialogue with few PE players for part cash out in some marquee projects before launching in FY16

■ Debt

- The current attributable net debt to DevCo is Rs. 6,350 crore and to RentCo is Rs. 14,000 crore [approx]
- The Company is ready for a large CMBS ~ Rs. 3,600 crore in its SEZ business; indicative rating of AA+ in place by 2 rating agencies; to further improve the quality of debt and free cash
- Keep the net debt of DevCo range bound (+/- Rs. 1,000 crore across medium term) through tactical divestments or JV's with strategic or financial investors of certain projects. Current value of deals in pipeline, at various stages of negotiations/due diligence/ documentation exceeds Rs. 3,000 crore

Business Segment Performance....



Business Segment Performance – Q3FY 2015

■ DevCo:

- ↗ **0.36 msf gross sales of Rs 650 crore booked in Q3FY15 vs 0.61 msf & Rs 920 crore in Q2FY15**
 - DLF 5 Gurgaon – 0.24 msf (Rs 575 crore)
 - New Gurgaon – 0.02 msf (Rs 12 crore)
 - Delhi / Rest of India – 0.10 msf (Rs 63 crore)
- ↗ **Project under Construction : 48 msf**
- ↗ **Completion : 2.30 msf in Gurgaon**

■ RentCo:

- ↗ 0.35 msf net leasing during Q3 15 vs 0.30 msf during Q2 15
- ↗ Annuity Income of Rs 525 crore

Summary: Operating Performance

	Q3FY15		9MFY15	
	Sales (in msf)	Avg Rate (psf)	Sales (in msf)	Avg Rate (psf)
Sales Booking				
Gurgaon				
DLF 5	0.24	23936	0.49	28259
Garden City	0.02	7162	0.07	7345
National Dev Co				
Luxury	0.00	44491	0.01	40841
Premium	0.10	5328	0.78	5003
	Q3FY15		9MFY15	
	Leasing in (msf)	Avg Rate (psf)	Leasing in (msf)	Avg Rate (psf)
Leasing				
Office	0.36	57	1.39	62
Retail Malls	-0.01		-0.03	

Leased Assets Across India

<u>Cities/Projects</u>		Size (msf)	% leased
Gurgaon			
Cyber City	Office	10.37	95.62
Other Buildings	Office	0.83	99.53
DAL (SEZ's)	Office	13.44	91.22
Kolkata/Chandigarh	Office	2.93	81.34
Delhi (Corporate Office)	Office	0.17	100.00
Malls			
Delhi	Retail	1.42	92.59
Chandigarh	Retail	0.19	68.97

In FY15, annuity Income to grow to Rs. 2,100 crore, a growth of 8%

Live Projects Across India

Projects	Size (msf) **	Sold till Q3-14-15 (msf)		Under Execution
Legacy				
New Town Heights & Express Greens*	10.00	9.86		yes
Garden City-91-92*	3.56	3.35		yes
Horizon Centre	1.19	0.68		Yes
Corporate Greens*	2.70	1.98		Yes
Capital Greens	5.20	5.20		Yes
GK King's Court *	0.23	0.17		Yes
Indore*	2.46	1.23		Yes
NTH-Kolkata*	1.68	1.60		Yes
Chennai *	3.80	3.35		Yes
Kochi	2.58	2.31		Yes
Banglore *	5.03	4.71		Yes
Hyderabad	3.44	2.76		Yes
Lucknow	3.10	2.91		Yes
Panchkula	4.03	3.54		Yes
Mullanpur *	4.23	3.85		Yes
Shimla	0.07	0.06		Yes
Kasauli	0.57	0.24		Yes
* Partly Handedover				
New Projects				
SkyCourt	1.25	1.03	^	yes
Ultima	2.17	0.65		yes
Regal Garden	1.03	0.86		yes
Primus	1.24	1.21		yes
Crest	2.61	0.82		yes
Camellias	3.55	0.71	^	yes
Bhubneshwar	0.55	0.45		Yes
My Pad Lucknow	0.57	0.33		yes
** Total size of the Project ; ^ Last 6 Months figures readjusted				

Our Development Potential

Land Bank as on 31st Dec 2014			
Type of Real estate Development	Development Business	Lease Business	Total
	Development Potential (msf)		
Gurgaon	109	26	135
Bangaluru	30	0	30
Delhi Metropolitan Region	17	5	22
Chennai	16	5	22
Hyderabad	14	1	15
Chandigarh Tri-City	19	0	19
Kolkata	3	2	5
Other Indian Cities	35	9	44
Total	244	48	292

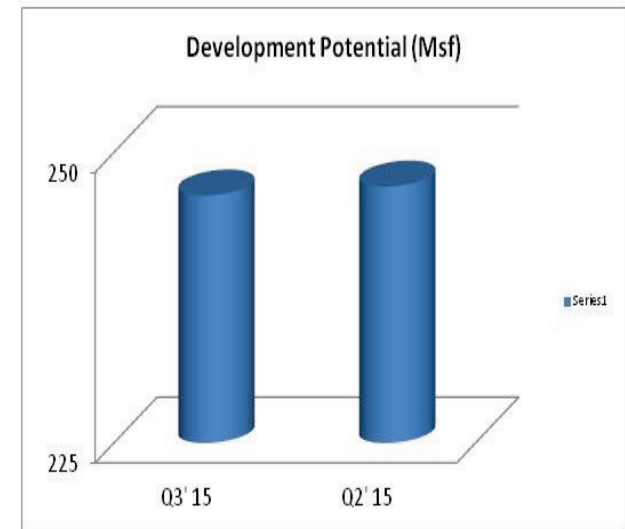
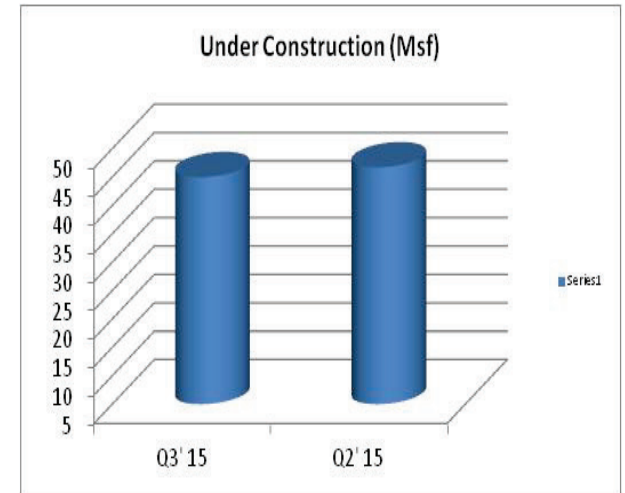
➤ “The Development Potential is the best estimate as per the Current Zoning plans on Land owned by the company/Group companies, or lands for which the Company has entered into arrangements with third parties including Joint Development/Joint Venture Agreements/Other Arrangements for Economic Development of said lands owned by such third parties. Some of these arrangements include making residual payments before the development potential can be fully exploited.”

DevCo Q3 FY15

Particulars	Total msf		
	Q3-15	Q3- 14	Q2- 15
Sales Status			
Opening Balance	39.27	47.70	45.61
Add:- Sale Booked During the Qty	0.36	0.60	00.61
Less : Completion	(2.30)	(0.67)	(6.95)
Closing Balance	37.33	47.63	39.27

Under Construction			
Opening Balance	46.73	48.85	53.68
New Launches / Additions / Suspended	0.57	8.34	-
Less:- Completion	(2.30)	(0.67)	(6.95)
Closing Balance	45.00	56.52	46.73

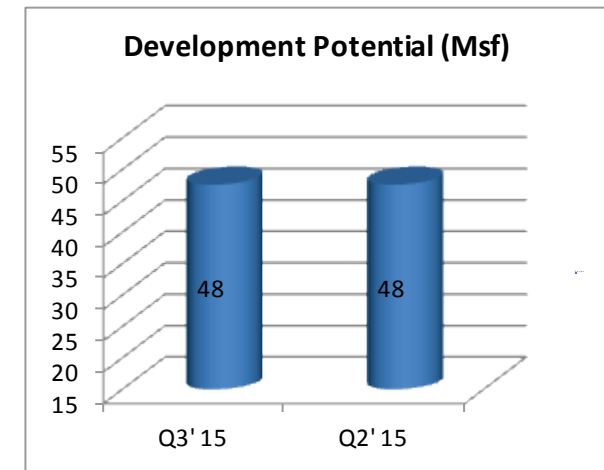
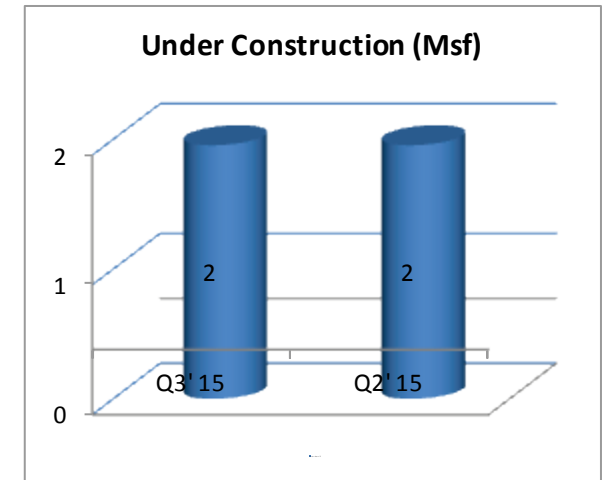
- 0.36 msf gross sales booked in Q3FY15 vs 0.61 msf in Q2FY15
- 2.30 msf Completed in Gurgaon
- 0.57 msf added in Lucknow



RentCo Q3 FY15

Particulars	Total msf		
	Q3-15	Q3- 14	Q2- 15
<u>Lease Status</u>			
Opening Balance	26.67	24.82	26.37
Add:- Lease Booked During the Qty	0.71	0.62	0.58
Less :- Cancellation	(0.36)	(0.27)	(0.28)
Less :- Sold / Adjustment	-	-	-
Closing Balance	27.01	25.17	26.67

<u>Under Construction</u>			
Opening Balance	1.96	2.64	2.81
New Launches / Additions	0.00	0.17	0.00
Less:- Handed over	(0.00)	-	(0.85)
Less :- Suspension/Adju	-	-	-
Closing Balance	1.96	2.81	1.96



Summary Financials....



Consolidated P&L Q3 FY15

Sl.No.	Consolidated Financials	Q3 FY15 (Reviewed)		Q2 FY15 (Reviewed)		Q3 FY14 (Reviewed)		Nine Months FY15 (Reviewed)		Nine Months FY14 (Reviewed)	
		Rs. Crs.	Percentage of Total Revenue	Rs. Crs.	Percentage of Total Revenue	Rs. Crs.	Percentage of Total Revenue	Rs. Crs.	Percentage of Total Revenue	Rs. Crs.	Percentage of Total Revenue
A)											
1	Sales and Other Receipts	1,957		2,013		2,058		5,695		6,329	
	Other Income	123		122		532		372		939	
	Total Income(A1+A2)	2,080	100%	2,135	100%	2,590	100%	6,067	100%	7,268	100%
B)	Total Expenditure(B1+B2+B3)	1,162	56	1,217	57	1,446	56	3,367	55	4,206	58
1	Construction Cost	847	41	837	39	949	37	2,397	40	2,848	39
2	Staff cost	94	5	93	4	142	5	261	4	473	7
3	Other Expenditure	220	11	287	13	355	14	709	12	885	12
C)	EBITDA (D/A1)	918	44	918	43	1,144	44	2,700	45	3,062	42
D)	EBIDTA (Margin)		44%		43%		44%		44%		42%
E)	Financial charges	648	31	603	28	633	24	1,809	30	1,834	25
F)	Depreciation	141	7	139	7	156	6	415	7	500	7
G)	Profit/loss before exceptional items	129	6	176	8	355	14	476	8	728	10
H)	Exceptional items - (net)	-	0	(38)	-2	(412)	-16	(68)	-1	(326)	-4
I)	Profit/loss before taxes and after exceptional ite	129	6	138	6	(57)	-2	408	7	402	6
J)	Taxes expense	8	0	43	2	(193)	-7	81	1	(16)	0
K)	Prior period expense/(income) (net)	0	0	2	0	9	0	2	0	7	0
L)	Net Profit after Taxes before Minority Interest	121	6	93	4	125	5	326	5	411	6
M)	Minority Interest	15	1	16	1	24	1	47	1	12	0
N)	Profit/(losss) of Associates	(4)	0	0	0	(4)	0	(4)	0	4	0
O)	Net Profit	132	6	109	5	145	6	369	6	427	6

Consolidated Balance Sheet

DLF LIMITED				
Unaudited Consolidated Balance Sheet as at December 31, 2014				
(Rs. in crores)				
	Note	December 31, 2014		September 30, 2014
EQUITY AND LIABILITIES				
Shareholders' funds				
Share capital	2	2156		2156
Reserves and surplus	3	27296		27130
		29452		29286
Share application money pending allotment		0		0
Minority interests		152		166
Non-current liabilities				
Long-term borrowings	4	16630		17141
Other long-term liabilities	5	2251		2179
Long-term provisions	6	56		53
		18937		19373
Current liabilities				
Short-term borrowings	7	3126		3228
Trade payables	8	2121		2033
Other current liabilities	9	11343		12098
Short-term provisions	6	404		298
		16993		17657
		65533		66482

Consolidated Balance Sheet

Contd.....

DLF LIMITED			
Unaudited Consolidated Balance Sheet as at December 31, 2014			
	Note	December 31, 2014	September 30, 2014
(Rs. in crores)			
ASSETS			
Non-current assets			
Fixed assets	10	23995	23867
Goodwill on consolidation		1213	1204
Non-current investments	11	498	493
Deferred tax assets (net)	12	1379	1247
Long-term loans and advances	13	4305	4160
Other non-current assets	14	83	81
		31473	31054
Current assets			
Current investments	15	451	2038
Inventories	16	17678	17279
Trade receivables	17	1523	1520
Cash and bank balances	18	2481	2403
Short-term loans and advances	13	2024	2198
Other current assets	19	9903	9991
		34061	35428
		65533	66482

Consolidated Cashflow Statement

Details of Cash flow for the period ended December 31, 2014			Rs in crs	
Particulars			Period ended 31-Dec-14	Period ended 30-Sep-14
A.	Cash flow from operating activities:			
	Profit before tax, minority interest and share of profit in associates		408	279
	Adjustments for:			
		Depreciation	415	274
		Profit on sale of fixed assets, net	(1)	(1)
		Provision for doubtful debts/ unclaimed balances written back/ exchange fluctuations and others	106	84
		Exceptional items	68	68
		Amortisation cost of Employee Stock Option	6	5
		Loss / (Profit) on sale of investments (net)	7	7
		Prior period items	(2)	(2)
		Interest / gurantee charges	1,809	1,161
		Interest / dividend income	(332)	(223)
	Operating profit before working capital changes		2,483	1,652
	Movements in working capital:			
		Trade and other receivables	(932)	(1,112)
		Inventories	1,272	1,532
		Trade and other payables	(827)	(716)
		Direct taxes paid (net of refunds)	(256)	(163)
	Net cash generated from operating activities		1,740	1,194
B.	Cash flow from investing activities:			
		(Purchase) / Sale of fixed assets (Including capital work in progress /capital advances), net	(614)	(426)
		Interest/Dividend received	330	203
		Movement in fixed deposits with banks	(77)	226
		(Purchase) / Sale of Investment(net)	(63)	(1,651)
	Net cash (used in)/ generated from investing activities		(423)	(1,648)
C.	Cash flow from financing activities:			
		Proceeds from / (repayment) of borrowings (net)	1,611	2,720
		Increase in share capital / securities premium	0	0
		Interest paid	(2,379)	(1,540)
		Dividend Paid (including dividend distribution tax)	(564)	(515)
	Net cash generated from /(used in) financing activities		(1,332)	666
	Net (decrease) / increase in cash and cash equivalents		(15)	211
	Opening cash and cash equivalents		1,844	1,844
	Closing cash and cash equivalents		1,829	2,055
	Net Increase / (decrease)		(15)	211

Liquidity Update

Net Debt Position	Q2 15	Q3 15	Net Change
	Actual		
Opening Gross Debt	24025	25054	
Less : Repayment during the Qtr	-1807	-1536	
Add : New Loans	2836	427	
Gross Debt as per Balance Sheet	25054	23944	
Less : Equity shown as Debt / JV Co Debt	973	973	
Gross Debt (Net of Equity shown as Debt / JV Co Debt)	24081	22971	
Pref. Shares	202	202	
Gross Debt Position (Net of Equity shown as Debt / JV Co Debt)	24283	23173	-1110
Less : Cash in hand	-4340	-2836	
Net Debt Position	19943	20336	393



Thank You